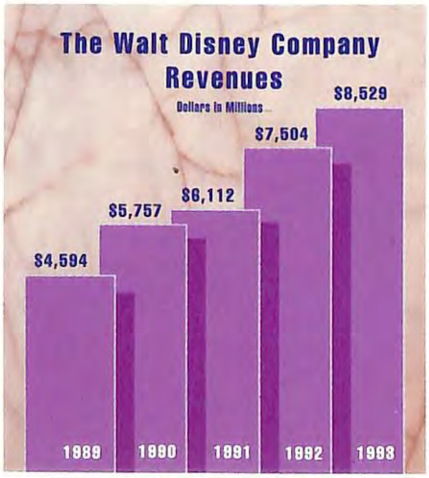
The Walt Disney Company 1993 Annual Report

"...remember, this all started with a mouse..."

Walt Disney

FINANCIAL HIGHLIGHTS

(In millions, except per share data)	1993	1992	Change
Revenues	**$8,529.2**	$7,504.0	+14%
Operating income	**1,724.5**	1,435.3	+20
Income before cumulative effect of accounting changes	**671.3**	816.7	-18
Net income	**299.8**	816.7	-63
Earnings per share before cumulative effect of accounting changes	**1.23**	1.52	-19
Earnings per share	**.55**	1.52	-64
Return on stockholders' equity			
Before cumulative effect of accounting changes	**13%**	19%	
After cumulative effect of accounting changes	**6%**	19%	
Cash flow from operations	**2,145.2**	1,838.1	+17
Stockholders' equity	**5,030.5**	4,704.6	+7
Book value per share	**9.39**	8.97	+5



The Walt Disney Company has achieved 20% compound annual revenue growth over the past five years, with consolidated revenues soaring to $8.5 billion in 1993.

To Our Owners and Fellow Disney Employees:

Unlike the letters I have written in previous years covering many subjects, I'd like to concentrate on three topics in this year's letter.

They are: Mickey Mouse; the role I perceive for Disney in the widely heralded world of 500-channel, digital, interactive television; and, of course, Euro Disney.

Three topics, two timely, one timeless.

The timeless one involves a question: Which came first... Mickey Mouse or the Disney company?

The obvious answer is the company. The Disney Brothers Studio, predecessor to The Walt Disney Company and creator of Mickey, marked its 70th birthday on October 16, 1993. Mickey celebrated his 65th anniversary one month later, on November 18, so obviously the Disney Company came first.

ROY E. DISNEY, VICE CHAIRMAN OF THE WALT DISNEY COMPANY, HELPED MICKEY MOUSE UNVEIL A NEW STATUE OF WALT AS PART OF MICKEY'S ANNIVERSARY CELEBRATION AT DISNEYLAND.

Or did it?

Certainly not in the mind of Walt Disney, who was fond of telling people to "remember, this all started with a mouse."

What he meant, of course, is that it was the immense success and popularity of Mickey Mouse which launched his company into worldwide prominence and that for all practical purposes, the Disney Company didn't exist in any meaningful way until Mickey came on the scene.

Today, children around the world go to bed holding Mickey Mouse dolls, and Mickey's likeness appears on clothing, books and products of every description in lands around the globe. Meanwhile, Mickey is host at Disney parks on three continents.

As Mickey has grown in popularity and worldwide presence, so has the company which created him. For while Mickey was the first Disney character to pass the twin tests of time and universal appeal, he has been followed by dozens of new Disney animated characters up to...and including...characters from *The Little Mermaid, Beauty and the Beast* and *Aladdin.*

Have the years slowed Mickey down? Absolutely not. Sales of Mickey-licensed merchandise set an all-time record in 1993.

Mickey, like the rest of the classic Disney characters, does not live in the temporal world of mortals. Instead, he and his Disney counterparts live in the hearts, memories and minds of

DISNEY CHAIRMAN MICHAEL D. EISNER ONSTAGE WITH SUSAN EGAN AND TERRENCE MANN, STARS OF DISNEY'S NEW BROADWAY-BOUND MUSICAL PRODUCTION, *BEAUTY AND THE BEAST,* WHICH OPENED IN DECEMBER IN HOUSTON.

people everywhere. He is renewed with each generation, which means that Mickey at 65...or 165...will remain eternally young, eternally optimistic, eternally plucky.

Why? Because we, the successors to founders Walt and Roy Disney, will keep him that way. Our job is not only to create new animated stars... like Roger Rabbit, Belle and Jack Skellington, but to nurture and sustain and polish the stars created before we came... like Mickey, Minnie, Donald and Goofy.

That is why we pulled out all the stops to celebrate Mickey's 65th anniversary in November and December, hosting giant parties in his honor for 20,000 disadvantaged children at Disney theme parks in Florida, California, Japan and Europe.

That is why we are returning Mickey to the big screen this coming year in an all-new film, "Runaway Brain," and following it with others in the years ahead.

That is why every division of our company—from The Disney Channel to network television to Consumer Products to Disney Clubs in all corners of the world—have mounted special programs and campaigns to help Mickey celebrate his 65 years in show business.

And that is why this Annual Report is dedicated to Mickey and the example he has set for us as "The Great Entertainer..."

Mickey's anniversary comes at a time when companies throughout the communications, information and entertainment industries are reexamining

their identities and goals. These fervent self-examinations are the result of technological changes which promise to transform the way information is delivered to the home.

Talks of mergers and strategic alliances rule the day as the business world tries to comprehend what will really happen if the long-promised digital, 500-channel, interactive "electronic highway" becomes a reality.

We in the entertainment industry have heard this song before. It happened when television appeared on the scene and threatened destruction of the motion picture industry. Many in the industry fought television, while Walt Disney embraced it, recognizing its huge potential to popularize his company's characters and to whet the appetite of America to visit his first theme park, Disneyland.

Walt Disney saw television as just one more hardware innovation that made it immeasurably easier to convey his entertainment products to a much broader audience.

And we in The Walt Disney Company today see the parallel between television and the promised improvements in the so-called "electronic highway."

All of this—Mickey's 65th and the 500-channel predictions—convinces us more than ever that our future is inextricably linked with our past, to our historic characters and to our commitment to the creation of new characters and products.

MARIAN WRIGHT EDELMAN, FOUNDER AND PRESIDENT OF THE CHILDREN'S DEFENSE FUND, JOINS DISNEY CHAIRMAN MICHAEL EISNER AND THOUSANDS OF UNDERPRIVILEGED CHILDREN WHO WERE GUESTS AT A GIANT CELEBRATION OF MICKEY MOUSE'S 65TH ANNIVERSARY AT WALT DISNEY WORLD.

As a matter of fact, I am writing this letter on a plane the Sunday after Thanksgiving on my way to Houston with my wife and two of my sons, Breck and Anders, to see the Broadway tryout of *Beauty and the Beast*, which will open in New York in April. And last Tuesday, we saw the first audience screening for next summer's animated feature film release, *The Lion King*, an Elton John/Tim Rice musical from Disney. Then on Wednesday my hockey-playing son, Anders, and I stopped in Canada on the way East to watch our Mighty Ducks NHL hockey team beat Winnipeg, arriving late in Vermont for Thanksgiving to meet the rest of the family. On Thursday, we heard from my son, Eric, who is studying in Paris, that we opened to huge huge crowds for our grand opening of our Disney store on the Champs Elysées. Then Friday, we saw Disney's *Three Musketeers*, and on Saturday took my sister-in-law, Mary, to Disney's *Cool Runnings* in Jamestown, New York. A family holiday weekend in four cities... enjoying new Disney "software" products in every one.

Disney is a global entertainer. We started as entertainers, we prospered as entertainers and we intend to continue as

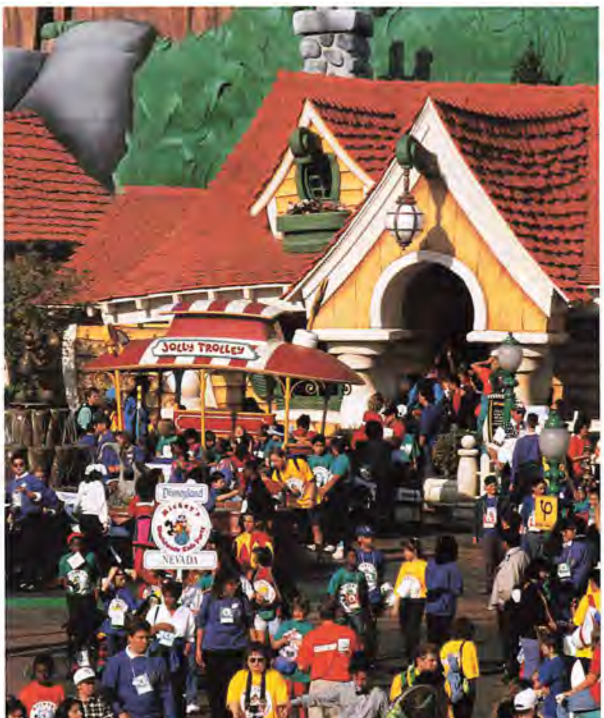
entertainers. We think Mickey, "The Great Entertainer," is a description as apt for the Disney Company as it is for the great mouse. A section in this Annual Report describes in words and pictures why we look at ourselves this way (see pp 18-25). I reiterate all this because I think it is important not to get caught up in all the hyperbole and speculation about new technologies and entertainment delivery systems.

The technological breakthroughs that will enable homes throughout America to avail themselves of a variety of new interactive video services, including movies-on-demand, are impressive. We applaud them and welcome the new services they make possible.

What is Disney's role in this bold new visionary world?

As always, we see ourselves primarily as entertainers, providers of the programs these new media will need. If we have any concern, it is only that no one business entity be allowed to control access to the new systems. Therefore it is not impossible that we will be strategically affiliated with hardware providers, with computer makers, with telephone or cable companies, with domestic and international satellite companies or with other like concerns. We must protect our access to the home, and in addition, where our creativity can come into play and we can benefit, we would like to be a partner in shaping the new environment.

What we will not do is become an investor in technology as a sole means to an end, and, whatever alliances we may... or may not... make, we will not stray from our commitment to content.



MICKEY'S TOONTOWN AT DISNEYLAND WAS A FAVORITE OF UNDERPRIVILEGED CHILDREN AND OTHER GUESTS AT MICKEY'S 65TH ANNIVERSARY.

We remind ourselves always that it is the software that is important, the software that we continue to produce in the form of Disney animated classics, live action movies, TV series and specials, animated cartoons and Disney Channel offerings.

Thanks to evolving hardware technology, we may soon be able to digitize and compress these software offerings and send them to the world over fiber-optics, earth-orbiting satellites and even the plain old copper cables that carry telephone calls today.

Amidst all the predicted change, some things will not change. The world will continue to be entertained by movies, music, pageants, parades, circuses, stage shows, concerts, sporting events, ballets, symphonic concerts, ice shows, drama, comedy and musical theater.

Marshall McLuhan was known for advocating that "the medium is the message." He may have had a good point when there were only three television networks, few independent television stations, no cable or home video, no satellites. Now the medium is just a delivery system.

What has counted from the time of Homer, Chaucer and Shakespeare to the

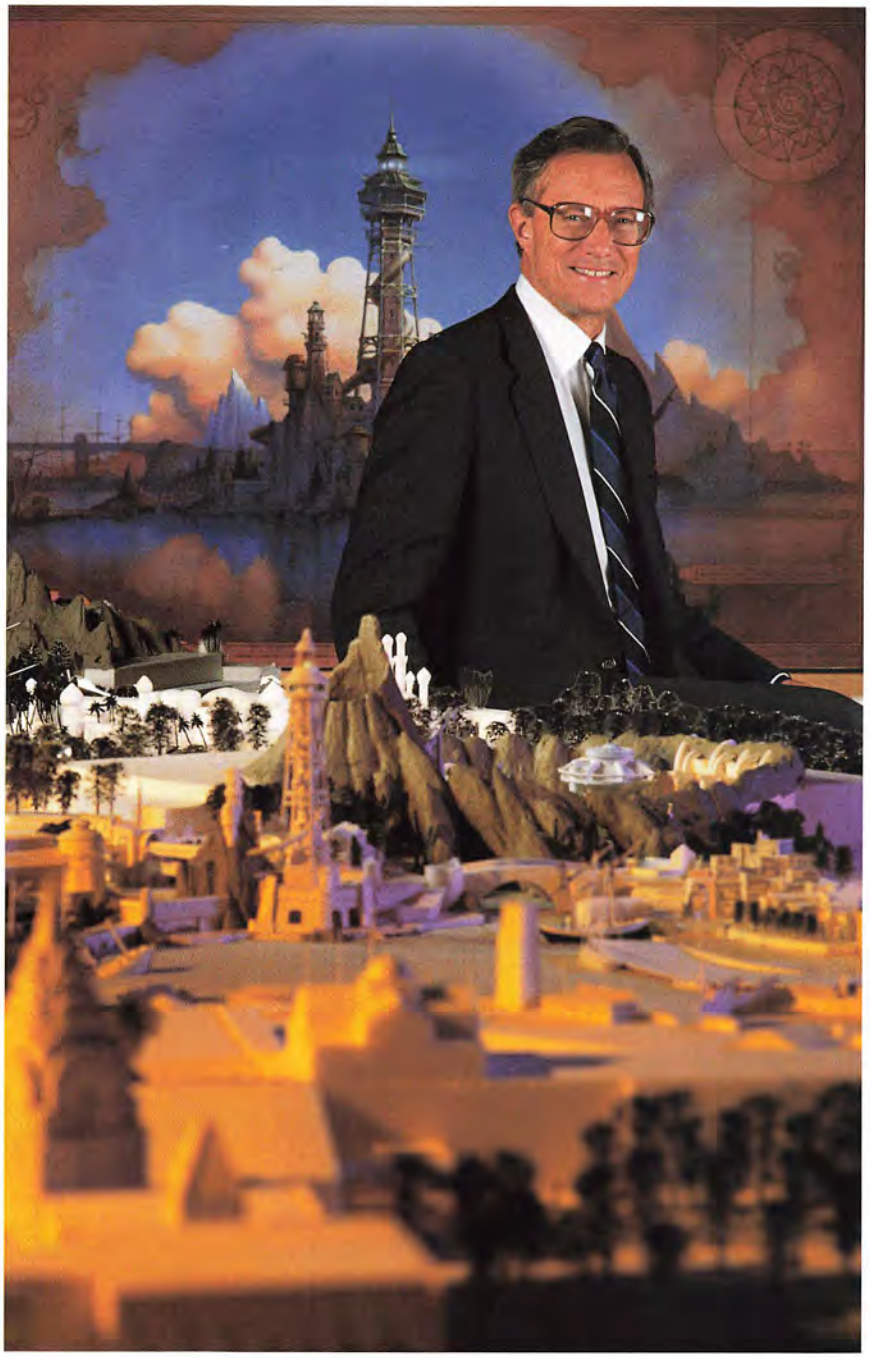
present is the story and the skill with which it is told, whatever the medium.

I recently told the *Wall Street Journal* that I didn't want to be a dinosaur executive with a Greek sense of drama while everybody was in a *Star Trek* or *Star Wars* mode. But I also said that story, emotion, comedy, a beginning, middle and end, identification with characters...that is what is important...and that is what our company is about.

I have been writing this annual letter for about a decade, and in each letter it has been gratifying to describe to you how well our company has been doing, how enthusiastic we all have been about our prospects, and how much fun it has been for me to work for a company that gives so much pleasure to our guests. Well, all the above is still true, although this past year presented a few new challenges, namely our first real financial disappointment: Euro Disney.

This has been a very serious problem, one that has cost an enormous amount of time and anxiety, and one on which Frank Wells has concentrated his...and the rest of our...full attention. As I write this letter we are weighing all the options for the project.

As much as I would like to put it aside, if only for a moment, like a child coming home with a report card of four A's but one D, there is no way



DISNEY PRESIDENT AND CHIEF OPERATING OFFICER FRANK G. WELLS BEHIND A MODEL OF TOKYO SEA, A PROPOSED SECOND PARK WHICH WOULD BE BUILT ADJACENT TO TOKYO DISNEYLAND, SUBJECT TO AGREEMENT WITH THE ORIENTAL LAND COMPANY, OWNER OF TOKYO DISNEYLAND.

for anyone to say: "Dad, concentrate on the A's. Point out that *Aladdin* was an A+, *Home Improvement* was an A+, The Disney Stores were an A+, The Disney Channel was an A+. Our whole Consumer Product Division was an A+. Our domestic parks were an A. Our overall output in the Studios Division was designated magna cum laude."

But Disneyland in Europe, if only judged by the financial performance, was barely a D (sine laude). Not good on a report card.

Some would call it dreadful, and in a financial sense, I would be forced to agree. But I would also be quick to note that the theme park and hotels themselves are great, that attendance has been acceptable and exit interviews of our guests tell us that they love the park and the entire Euro Disney experience.

So what happened? A number of things, including:

□ the worst recession in Europe since World War II;

□ a strong French franc against a devalued pound, lira and peseta, making prices comparatively high for out-of-country guests;

□ lower spending per guest for food and merchandise;

□ a collapsed real estate market which stymied planned development at the Euro Disney site; and

□ high interest costs.

As I have said, Euro Disney is in the process of reshaping its organization. In addition, it has cut operating costs substantially and postponed construction of the planned second phase of the project. For our part, we are working with all interested parties to attempt to help restructure Euro Disney's financial condition. But as we cannot shoulder the entire burden ourselves, other parties must bear their fair share.

We, Disney's management, remain committed to exploring all reasonable alternatives toward helping to put Euro Disney on a sound financial footing. We certainly are interested in aiding Euro Disney, SCA, the public company that bears our name and reputation. We will deal in good faith with our fellow Euro Disney shareholders and Euro Disney creditors. But in doing so, I promise all shareholders of The Walt Disney Company that we will take no action to endanger the health of Disney itself.

Disneyland in Paris, in its first 18 months, has played host to 17 million guests. In doing so, it has established itself as the number one vacation resort on the entire European continent. Once it is put on sound financial footing there is no reason why it cannot take its place among other Disney theme parks as a financially healthy operation.

If the Euro Disney problem can be solved (and hopefully soon) we will be in a good position to begin our next 10 years. Our 20% growth should return in 1994, our financial and European cultural critics will hush, and the Mighty Ducks will not only be a respectable hockey team, but the movie sequel of the same name will open successfully this spring.

I am sure if I polled people after reading this letter they would tell me that only two of the three topics were "weighty": the future of Disney in the brave new world of digital interactivity and the current condition of Euro Disney.

In a long term view, I would point out there was one more. In the world of Disney, there is nothing as important as the continued success and popularity of our little friend, Mickey Mouse.

Walt Disney knew what he was doing when he inserted Mickey into his corporate logo in 1928, the year of the mouse's premiere. He is still a prominent part of our company's logo. If the day ever comes when Mickey is no longer there, you will know that the Disney company has changed.

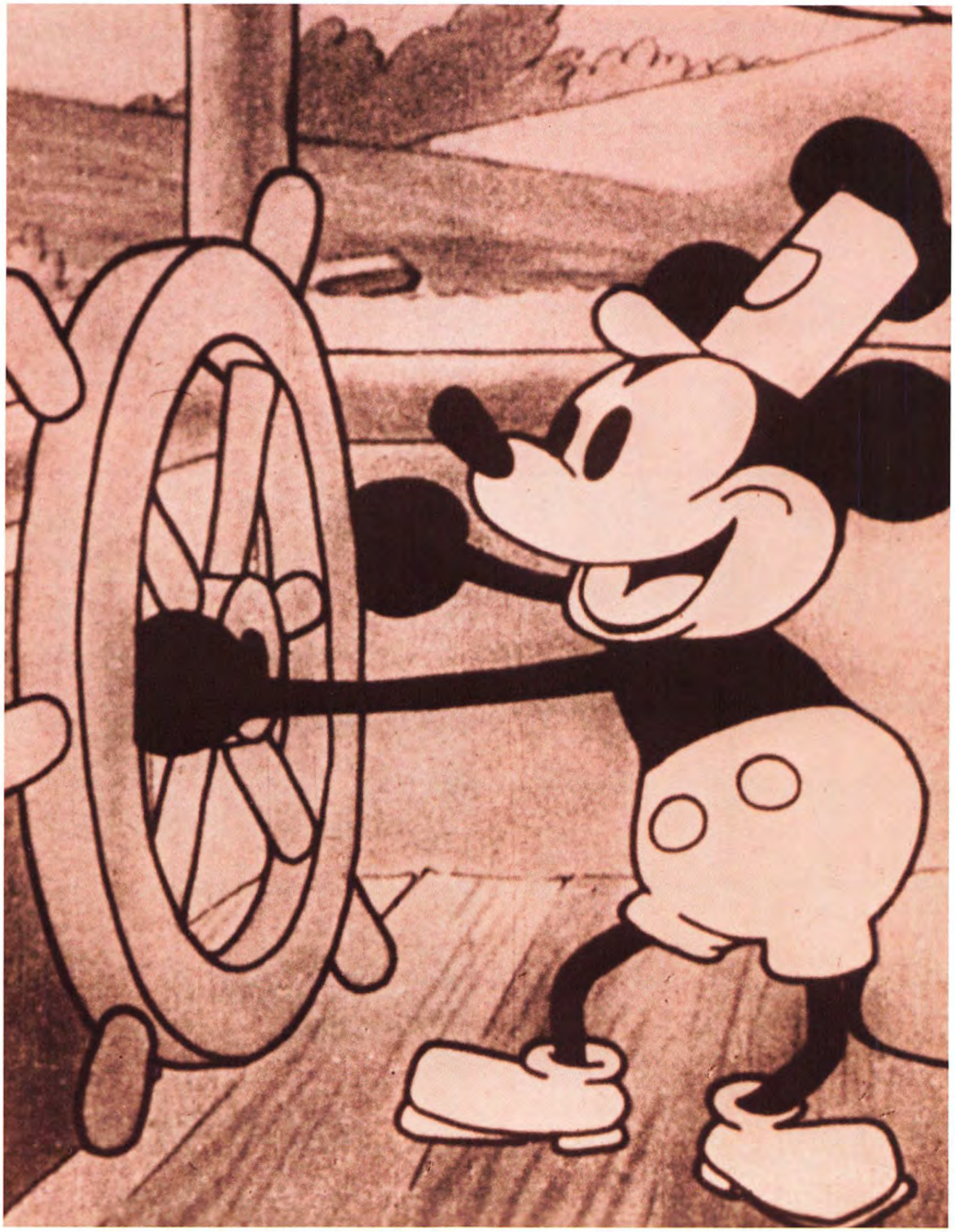
Along with Frank Wells, Roy Disney, Jeff Katzenberg, and the rest of our cast members I can assure you this is not going to happen on our watch...

Until next year,

Michael D. Eisner

Michael D. Eisner

December 4, 1993



MICKEY MOUSE, THE GREAT ENTERTAINER, MADE HIS DEBUT AS STEAMBOAT WILLIE IN 1928.

In 1993, The Walt Disney Company continued its winning ways in virtually every major business segment.

It was the Year of *Aladdin*. The film got the fiscal year (beginning October 1992) off to a roaring start, becoming the highest-grossing animated movie of all time. It also provided calendar year '93 with a spectacular finish, becoming the top-selling video in history; and in between, it provided the theme for the most popular parades at Disney's U.S. parks and sparked an unprecedented international demand for consumer merchandise. (Full details, pages 18-19.)

And there were other success stories as well.

Around the world, the innovative Disney Stores—258 strong at end of 1993—continued to build on their success. (See page 12.)

1993 Disney Year In Review

THE CAROUSEL IS STILL A FAVORITE AT THE MAGIC KINGDOM, FLORIDA.

In California, Mickey's Toontown opened at Disneyland—the first new "land" there since Critter Country was introduced in 1972. Nearby, at the Arrowhead Pond, Disney's new National Hockey League expansion team, the Mighty Ducks of Anaheim, began their first season before sellout crowds.

In Prince William County, Virginia, just west of Washington, D.C., Disney announced plans to develop Disney's America, a park celebrating U.S. history.

And at Disney parks in Florida, California, France and Japan, thousands of underprivileged children were guests near year-end, all part of a company-wide celebration of Mickey Mouse's 65th year in entertainment.

Here is a summary of the highlights of 1993:

First Fiscal Quarter— October-December, 1992

Beauty and the Beast and *Aladdin* shared the spotlight during the first fiscal quarter of 1993.

The success of *Beauty* came in domestic home

DISNEY PRODUCTS OF EVERY KIND AND DESCRIPTION LURE SHOPPERS AT DISNEY PARKS.

video release, where it ultimately rang up record sales of more than 20 million units, and in international theatrical film distribution, where it accounted for more than $50 million at the box office in the quarter. By year's end, its international box-office total would reach $200 million.

Meanwhile, *Aladdin* made its spectacular debut on domestic screens, where it ultimately broke all Disney box-office records. Merchandise sales soared following the film's premiere, and the *Aladdin* soundtrack opened strongly on its way to selling nearly three million units.

The domestic home video release and international theatrical release of *Sister Act* and the international home video release of *Cinderella* were also positive factors.

A Disney first, the simultaneous opening of Splash Mountain attractions at both Walt Disney World and Tokyo Disneyland, took place in early October.

In November, Nestlé USA, Inc., became the sponsor of The Land pavilion at Epcot. It also signed on to be the sponsor at several other locations at Walt Disney World, Disneyland and Euro Disneyland.

MATCHING DISNEY JACKETS HELP BRIGHTEN CHILLY AND DREARY DAYS.

Touchstone Television and Wind Dancer Productions signed an agreement to provide three additional seasons of *Home Improvement* on ABC-TV.

January

The big news in January was the opening of Mickey's Toontown at Disneyland. A community totally populated by toons, it features Disney characters at home, work and play. Non-toon guests visiting Toontown can always find Mickey and his friends at their homes and can interact with such novelties as talking manholes and rubber fire hydrants.

With the new year came major awards to two Disney television units. Los Angeles station KCAL received 16 Golden Mike awards for excellence in news reporting, newscast writing and sports feature reporting.

The Disney Channel gathered seven CableAce awards, including recognition for *Mark Twain and Me*, starring Jason Robards, and the music special *Gloria Estefan: Going Home*.

A zany new Aladdin parade took Disney-MGM Studios guests to a whole new world of fun.

At both Walt Disney World and Disneyland, Federal Express became the official sponsor of the Space Mountain attractions.

February

Homeward Bound opened its successful theatrical run, finishing with more than $40 million at the domestic box office. When it was later released on home video, gross shipments totaled nearly five million cassettes.

In India, Consumer Products entered into a joint venture with the Modi Group of industrial companies to license Disney merchandise in that Asian country.

Hollywood Records released "Back To The Light," the debut solo album of Queen's legendary guitarist Brian May.

Consumer Products launched its European Disney Babies brand at a prestigious German trade fair. Its exhibit displayed colorful toys, apparel, nursery products and bedding for youngsters. Meanwhile, German licensee Ehapa sold a million *Mickey Maus* comic magazines in a week, only the second time it has been done.

Walt Disney Company Revenues by Business Segment

OVER THE PAST FIVE YEARS, DISNEY'S OVERALL REVENUE EXPANSION HAS BEEN THE RESULT OF THE SUCCESSFUL GROWTH ACHIEVED BY EACH OF THE COMPANY'S MAJOR BUSINESSES.

A NEW COLORFUL FACADE ENTICES DISNEYLAND GUESTS AT THE FAMOUS SMALL WORLD ATTRACTION.

March

Whoopi Goldberg and Kathy Najimy received American Comedy Awards as best actress and best supporting actress in Touchstone's *Sister Act.* ABC-TV's *Home Improvement* and its star, Tim Allen, won the 19th annual People's Choice Awards. Ms. Goldberg won a similar award as best actress in a comedy motion picture for *Sister Act.*

KCAL continued its winning ways, taking first place in 21 of 27 broadcast news categories—more awards than any other station in the history of the California-Nevada Associated Press Awards. Also in March, KCAL dominated all competition, winning 15 awards from the Greater Los Angeles Press Club.

The *Sister Act* soundtrack album, a Hollywood Records release, was certified Gold by the Recording Industry Association of America (RIAA). Another Hollywood release, Queen's *Greatest Hits* album, was certified Platinum.

The company unveiled plans for its first Florida resort away from the theme parks—a luxurious 120-room inn and 60 time-share vacation villas on oceanfront property near Vero Beach.

The Disney Channel announced a 13 percent subscriber increase in calendar 1992, raising its base to more than seven million. The gain of better than 800,000 subscribers was more than double the increases of all other cable TV pay services combined.

Buena Vista Home Video released *Pinocchio,* which amassed sales of more than 9.5 million units, an impressive performance in light of the fact that it was the second domestic release of the video.

In International Home Video, *Peter Pan* sold more than five million units in the nontraditional spring retail season to become an international top ten best-selling title.

BUENA VISTA HOME VIDEO DISTRIBUTES FAVORITE FILMS AND VIDEO PRODUCTS FROM JIM HENSON PRODUCTIONS.

April

Euro Disney celebrated its first birthday April 12. The spectacular park near Paris had attracted more than 11 million guests by the end of its anniversary month. April also marked the 10th anniversaries of The Disney Channel and Tokyo Disneyland—which attracted its 125 millionth guest during the year.

Based on the success of the Walt Disney World Aladdin Parade at the Disney-MGM Studios, Disneyland introduced its own new Aladdin Parade in time for the summer season.

In Florida, the company opened the 8,500-acre Disney Wilderness Preserve (see center insert, *Disney and The Environment*).

May

The company announced the purchase of Miramax Film Corp. The country's leading independent movie distributor, Miramax is expected to add up to 20 films a year to Disney's release slate.

Disney publishers made news. The first Turkish-language Disney comics magazine sold out in its initial offering. In France, the Disney-Hachette magazine joint venture purchased two of the leading French computer software and video game magazines.

June

The Anaheim City Council approved zoning and planning documents for expansion of the Disneyland Resort, including construction of Westcot.

Consumer Products continued to widen its horizons. First, Mickey Mouse comic books returned to mainland China after having been withdrawn for four years because of copyright infringement. Weeks later, the company announced a joint venture with the Jawa family of Saudi Arabia to bring Disney merchandise, publications and music to the Persian Gulf region for the first time.

In filmed entertainment, a Disney classic, *The Jungle Book,* did well internationally.

June was a busy month for KCAL. The Los Angeles TV independent set an all-time regional record for most Emmy nominations for a single station, 58, winning top honors in 14 categories, including an

ONE OF MICKEY'S NEWEST PALS IS THE POPULAR EUROPEAN CHARACTER MARSUPILAMI.

Emmy for best newscast in Southern California. In a separate competition among television outlets in 13 western states, the station's news department took "Best in the West" honors in seven of eight categories.

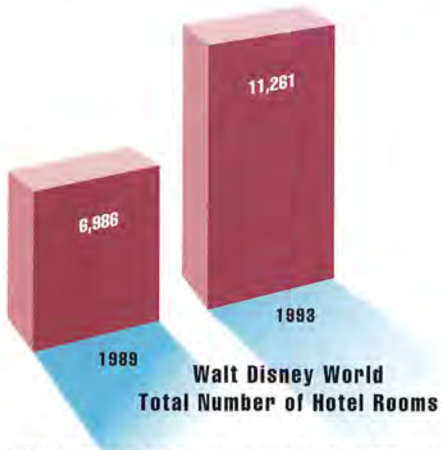
July

The return of *Snow White and the Seven Dwarfs* was a success. The classic took in more than $40 million at the box office.

The Disney Channel presented a two-part, four-hour, updated version of the classic *Heidi.*

The U.S. popularity of *Walt Disney's World on Ice Presents Beauty and the Beast* led to the unprecedented creation of a second touring company. It began its tour in Cairo and will have appeared in most major European cities by the end of May, 1994. Meanwhile, sold-out performances led to repeat engagements for the original company, currently touring the U.S.

Buena Vista International Television (BVI-TV) signed a multi-year agreement with Italian public broadcaster RAI. BVI-TV also expanded its relationships in Italy to include commercial network Canale 5.



THE NUMBER OF HOTEL ROOMS AT WALT DISNEY WORLD HAS INCREASED 61% SINCE 1989. THE OPENING OF DISNEY'S ALL-STAR SPORTS RESORT AND DISNEY'S WILDERNESS LODGE WILL ADD 2,649 ROOMS IN 1994.

Hollywood Records' *Classic Queen,* a greatest hits compilation by the rock band Queen, was RIAA-certified Multi-Platinum.

Topolino magazine in Italy celebrated its 60th anniversary as the oldest Disney magazine in the world. During the summer '93 campaign, *Topolino* sold more than one million copies during each of four consecutive weeks — a first in Disney magazine history.

Buena Vista Home Video Top-Selling Titles

TITLE	RANK
Aladdin	1
Beauty and the Beast	2
101 Dalmatians	3
Fantasia	4
Pinocchio	5
The Little Mermaid	8
The Jungle Book	9
Bambi	11
Pretty Woman	12
The Rescuers Down Under	13
Cinderella	14
Peter Pan	15
Who Framed Roger Rabbit	16
The Rescuers	20

LED BY THE RECORD-BREAKING RELEASES OF *BEAUTY AND THE BEAST* AND *ALADDIN,* THE WALT DISNEY STUDIOS HAS PRODUCED THE TOP 5 ALL-TIME BEST-SELLING DOMESTIC HOME VIDEO TITLES AND 14 OF THE TOP 20.

August

Richard Frank, president of The Walt Disney Studios, was elected president of the Academy of Television Arts & Sciences.

August also saw the opening of the Swiss Family Treehouse at Tokyo Disneyland.

In Florida, ground was broken for the 728-room Wilderness Lodge.

Meanwhile, Hollywood Records released *The History of the Dave Clark Five,* a retrospective of one of the most popular and influential rock 'n' roll bands of the 1960's. It brings the band's catalog to compact disc and cassette for the first time.

Peter Rummell was named president of the newly formed Disney Design and Development unit, which encompasses Walt Disney Imagineering and the Disney Development Company.

September

Presenting a whole new world of "musical theater on ice," *Aladdin* made its debut. The spectacular production features a unique, two-tiered stage, a flying carpet, animated inflatable figures, puppets, pyrotechnic effects and, of course, championship ice skating. By the end of its first year, it will have appeared in some 30 U.S. cities and Mexico.

DISNEY STORES CONTINUE RAPID GROWTH RATE

The Year of *Aladdin* helped drive the fast-growing Disney Stores to new heights during 1993, as guests clamored for a broad range of products featuring Aladdin, Jasmine and the ever-present Genie.

Worldwide, the stores greeted an estimated 140 million guests.

Sixty-two new stores were opened during the 1993 fiscal year—46 in the U.S., two in Canada, five in Japan, eight in the U.K. and one in France.

By the end of the fiscal year, there were 239 Disney Stores across three continents, representing a growth rate of more than three outlets a month since the first store opened in early 1987.

Disney Consumer Products anticipates opening as many as 100 more stores—an average of almost two a week—throughout the U.S., Europe and Asia during the current fiscal year.

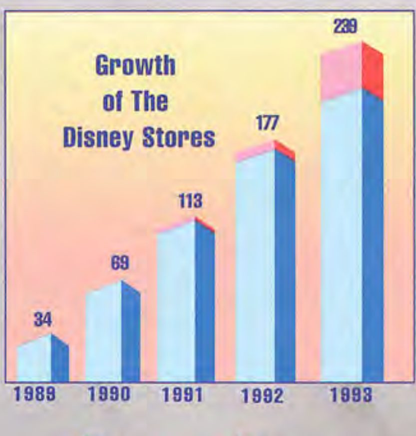
The gift and collectibles business grew significantly during the year, driven by a broader presence of animation art and the introduction of limited-edition items, such as the first Watch Collectors Club Series.

A special-order business was introduced, expanding the Disney Store concept beyond its traditional four walls. Guests may now order from an extensive collection of animation art and collectibles.

Capitalizing on the concept of synergy, The Disney Stores supported the activities and products of other Disney divisions through the extensive use of promotions, displays and in-store videos.

As the 1994 fiscal year got under way, two Disney "superstores" were opened. These giant stores, each with some 11,000 square feet, are located on the Zeil, a shopping walkway in Frankfurt, and on the Champs Elysées in Paris (above).

Through an ongoing series of special merchandise events, the Disney Stores will introduce exclusive, story-driven product lines utilizing premium artwork and drawing from classic tales as well as new ones, such as *The Lion King*, scheduled for release in 1994.



Nine weekly TV shows from Walt Disney Television and Touchstone Television brightened the network fall schedule. The newcomers were *Bakersfield P.D.* and *The Sinbad Show* on Fox, and *Boy Meets World* on ABC.

Bakersfield P.D. brings a veteran black policeman from Washington, D.C., to relatively conservative Bakersfield, Calif. In *The Sinbad Show*, standup comedian Sinbad stars as a bachelor father of two foster children. *Boy Meets World* follows the growing-up adventures of 11-year-old Cory Matthews (Ben Savage).

TOUCHSTONE TV'S *BOY MEETS WORLD*, STARRING BEN SAVAGE, LEFT, AS 11-YEAR-OLD CORY MATTHEWS, AND WILLIAM DANIELS, HIS FIFTH-GRADE TEACHER AND NEXT DOOR NEIGHBOR, PREMIERED ON ABC IN THE FALL.

The six returning shows include *Home Improvement*—which quickly earned number one status in the country in its third season on ABC — *Blossom*, *Herman's Head*, *Where I Live*, *Empty Nest* and *Nurses*.

In TV syndication, Buena Vista Television launched nine series during 1993, an industry record. This growth brought Disney to more than 25 hours of programming per week on television stations nationwide.

Three new syndicated programs brought to TV screens in September were: *The Crusaders*, a unique one-hour investigative/advocacy news magazine; *Disney's Adventures in Wonderland*, originally conceived for The Disney Channel; and *Disney Presents Bill Nye the Science Guy*.

A new animated star, *Bonkers*, joined *Goof Troop*, *Darkwing Duck* and *Tale Spin* as the fourth half-hour of *The Disney Afternoon*, which retains its leadership in children's syndicated programming. *DuckTales* continued as a fifth Disney strip in syndication. A weekend hour, consisting of *Winnie the Pooh* and *Chip 'n' Dale*, also made its debut.

The company collected three Emmy awards, including one for outstanding children's programming (*Avonlea*) on The Disney Channel.

The Joy Luck Club opened to critical acclaim in limited theatrical release, then continued to do well in expanded national distribution.

Four international broadcasters joined with BVI-TV to create series programming for television. This long-term venture, called "Disney Theatre," consists of pilots and subsequent series that will be developed and produced in Europe through Buena Vista Productions (BVP) International. The four partners are RAI (Italy), TF1 (France), ARD (Germany) and TVE (Spain). The first pilot, *Stick With Me, Kid*, is a fast-paced detective adventure.

GUESTS AT EPCOT'S FRENCH PAVILION WEAR POPULAR DISNEY FASHION CLOTHING.

Childcraft's Disney Catalog did record business throughout the summer. In addition, Childcraft Education Corp. completed its most successful back-to-school sales season ever.

JOAN PLOWRIGHT AND NORMAN D. GOLDEN II STAR IN *"ON PROMISED LAND,"* AN ORIGINAL PRODUCTION SCHEDULED FOR THE DISNEY CHANNEL IN SPRING OF 1994.

Disney invited students and faculty from nine Central Florida counties to Epcot for a day of learning and discovery. More than 300,000 attended over a six-week period.

The 60th Mickey's Corner boutique opened in a Chinese department store. The outlets are operated by Vigor, a Disney licensee. Another 50 to 60 will be open by the end of 1994.

With the end of the fiscal year, 1993 held the all-time record for sales of Mickey Mouse merchandise. New designs for children's and adult apparel helped increase sales 70 percent in the category over the previous year.

More than 10 million videocassettes of *Beauty and the Beast* were sold in foreign markets during the month. Total sales for *Beauty* were expected to top the 12-million mark overseas.

October

Two delightfully offbeat movies reached the theaters.

The Nightmare Before Christmas, the long-awaited film from Tim Burton, director of *Batman* and *Edward Scissorhands*, was released in mid-month. Critic Joel Siegel, ABC-TV New York, called it "not only one of the year's best films, [but]...absolutely the year's most incredible film....there is genius everywhere in Tim Burton's amazing vision and Danny Elfman's hauntingly beautiful score."

Cool Runnings is based on the true story of the Jamaican Olympic bobsled team, which had never seen snow in its tropical homeland. During its first six weeks, the movie earned nearly $50 million at the box office and was among the top five films across the country.

The Mighty Ducks of Anaheim showed early in their first NHL season that they intended to be competitive. In fact, they defeated the New York Rangers in their first visit to Madison Square Garden, an unusual accomplishment for an expansion team. Their sale of 12,500 home season tickets was a record for a first-year team. They were even more spectacular in the sale of team-related merchandise, outselling all other teams in the league.

The first Disney "superstore," containing a quarter of an acre of floor space, greeted 30,000 guests on opening day in Frankfurt. It was followed one month later by the opening of a similar store in Paris.

A PAGEANT STARRING MICKEY WAS A HIGHLIGHT OF TOKYO DISNEYLAND'S TENTH ANNIVERSARY CELEBRATION.

A DISNEY BALLOON VENDOR BRIGHTENS A DISNEYLAND DAY.

In New York, Disney Art Editions' auction of 250 artwork "cels" from *Aladdin* earned more than $1.35 million, exceeding auctions for *The Little Mermaid* in 1990 and *Beauty and the Beast* in 1992. Disney Art Editions continued to flourish by satisfying consumers' ever-increasing appetite for Disney animation art. A single cel depicting Aladdin and Jasmine flying on a magic carpet brought $25,300 for the Make-A-Wish Foundation, a charity for seriously ill and dying children.

Miramax released the internationally acclaimed *The Piano* and *Farewell My Concubine* at mid-month. Earlier, the two films shared top honors at the 46th Cannes Film Festival, where they won a rare joint *Palme d'Or* award. Vincent Canby of *The New York Times* said *The Piano* "could be the movie sensation of the year." *Farewell My Concubine* earned equally lavish praise from a raft of reviewers.

The American Automobile Association (AAA) and Choice Hotels joined Disney in a partnership to offer vacation packages to Disneyland and Walt Disney World.

BVI-TV entered a joint television venture with the Czech Republic's first private commercial broadcaster, NOVA. By year-end, BVI-TV had established relations with stations in Russia, Hungary, Poland and Bulgaria. In another part of the world, BVI-TV launched a joint television venture in India with the Modi Group.

November

The company distributed 127,000 educational science packets, produced by Disney Educational Productions and funded by a grant from the National Science Foundation, to fourth-graders nationwide. The packets support the new syndicated show *Disney Presents Bill Nye the Science Guy*.

President Bill Clinton's Audio-Animatronics® figure was unveiled in the Hall of Presidents attraction at the Magic Kingdom. It is the first figure that uses the actual voice of the president to speak to guests. While all 42 presidents are depicted on stage, only Abraham Lincoln previously had "spoken," but his voice, obviously, is that of a narrator.

The Three Musketeers also made its appearance at mid-month. The film was number one at the box office during its first weekend.

The Three Musketeers original soundtrack album, a Hollywood Records release, features the single *All For Love*, a top ten pop ballad performed by the superstar trio of Bryan Adams, Rod Stewart and Sting. The motion picture soundtrack's dynamic orchestrated score was written by award-winning composer Michael Kamen.

The undisputed leader of the doll fashion world was featured in a new show which made its debut at Epcot. The "Magical World of Barbie" takes the audience on a fun-filled musical fashion trip around the world. It will continue through 1994.

The company celebrated Mickey Mouse's 65th anniversary in high style. In collaboration with the Children's Defense Fund and Delta Air Lines, Disney brought 13,000 disadvantaged youngsters to its U.S. parks. Thousands more children from Europe and Asia traveled to Euro Disney and Tokyo Disneyland for similar celebrations.

As part of the celebration at Epcot, 36 educators were honored at the fourth annual American Teacher Awards, telecast live Nov. 19 on The Disney Channel. Leta Andrews of Granbury High School, Granbury, Texas, and Patricia Ann Baltz of Camino Grove Elementary School, Arcadia, California, were named Outstanding Teachers of 1993.

FILM STARS ARNOLD SCHWARZENEGGER AND SYLVESTER STALLONE HELPED MICKEY BREAK GROUND FOR A NEW PLANET HOLLYWOOD RESTAURANT TO BE LOCATED AT WALT DISNEY WORLD.

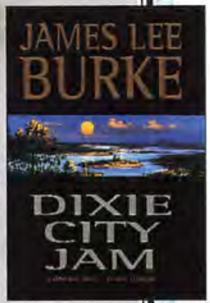
The Disney Channel and ABC Network taped specials on the induction ceremony Nov. 20 for new members of the TV Hall of Fame, which is permanently located at the Disney-MGM Studios. Inductees honored were John Chancellor, Dick Clark, Phil Donahue, Mark Goodson, Bob Newhart, Agnes Nixon and Jack Webb.

In Florida's Magic Kingdom, Tomorrowland's Carousel of Progress took on a new look by re-examining the future of the American family.

The Mickey Mouse Club, the music, dancing, comedy and special feature series for older children, highlighted its sixth season on The Disney Channel with its debut album, *MMC*, recently released by Walt Disney Records. It features eight Mouseketeers.

WATER, WATER EVERYWHERE AT WALT DISNEY WORLD'S POPULAR TYPHOON LAGOON, WHERE GUESTS OF ALL AGES SPLASH IT UP.

HYPERION BOOK PUBLISHING UNITS ENJOY EARLY SUCCESS



Nineteen ninety-three marked the second full year of operation for Hyperion, Disney Publishing's book division for adults, and its companion unit, Hyperion Books for Children. Both began in the fall of 1991, when the adult division launched nine titles, the children's group 14.

Both have grown impressively since then.

The adult Hyperion list grew to 43 books in 1992, then to 84 in 1993. Hyperion will publish 95 new books in hardcover and trade paperback during 1994.

The output of Hyperion Books for Children has also grown steadily and is expected to reach 60 new titles in 1994.

Hyperion takes its name from the street where Walt Disney built his original studio for animation in 1926 during a period of tremendous creativity in Disney's history.

In the adult division, there have been mysteries by Edgar Award winner James Lee Burke and Pulitzer Prize winner Edna Buchanan, and sports autobiographies by Dallas Cowboys coach Jimmy Johnson, University of Kentucky coach Rick Pitino and NBA superstar Shaquille O'Neal. There is nationally acclaimed literary fiction by Susan Straight, Fae Ng and Stanley Elkin, and serious non-fiction, including Aljean Harmetz' book on *Casablanca, Round Up The Usual Suspects.*

Other national best-sellers include Ross Perot's *United We Stand, Cooking with Regis & Kathie Lee, Outsmarting the Female Fat Cell* and Spike Lee's *The Making of Malcolm X.*

Hyperion Books for Children publishes books for readers ranging from toddlers to young adults. The group's original list in 1991 included *Rescue Josh McGuire* by Ben Mikaelsen, which won the 1992 International Reading Association's Children's Book Award.

With each new publishing season, there has been another success story. In fall 1992 *Morning Girl*, the first children's book by prominent adult author Michael Dorris, received the Scott O'Dell Award for Historical Fiction and was named a best book in several prestigious trade magazines.

In spring 1993, when famed photographer and artist William Wegman's book, *Cinderella*, was released, it crossed over into the adult market and instantly became a best-selling title. Wegman's second book, *Red Riding Hood*, promises to outstrip *Cinderella* in both sales and review coverage.

Fall 1993 brought forth *The Nightmare Before Christmas*, Tim Burton's original story and paintings leading to his Touchstone movie of the same name.

Among the 60 new titles planned by the children's division for 1994 will be *Celebrate America*, a lavish and comprehensive volume of the best of American poetry and art, published in cooperation with the Smithsonian's National Museum of American Art.

Internationally, *The Jungle Book* broke all sales records in the videocassette, audio and video-game categories on its way to edging out *Beauty and the Beast* as the top-selling title of all time overseas.

Disney's Night of Magic, a 90-minute international television special combining the world of stage illusion and top musical talent, was shot on location at Euro Disney. The program was produced for five European countries that provided their own hosts—U.K., Italy, Spain, Germany and France. The special aired in late 1993.

DISNEY HORTICULTURE AND ARCHITECTURE BLEND AT THIS WALT DISNEY WORLD RESORT.

THE PLEASURE ISLAND JAZZ COMPANY WAS A POPULAR NEW ADDITION AT WALT DISNEY WORLD'S NIGHTTIME ENTERTAINMENT CENTER FOR ADULTS.

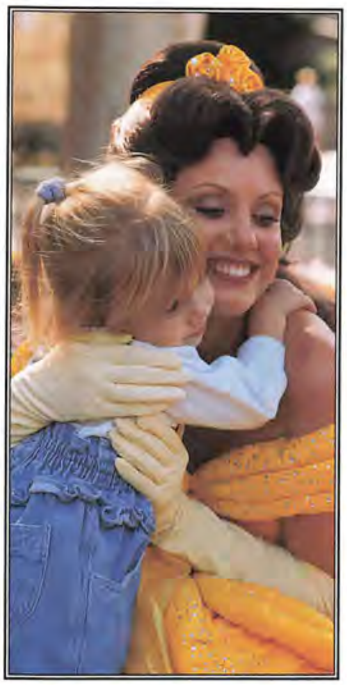
December Disney unveiled a live Broadway-musical version of *Beauty and the Beast* at the Houston Music Hall on Dec. 2. Based on the Disney film version of the classic story, the show features the original film score, augmented by additional Howard Ashman and Alan Menken compositions (originally composed for the film but not used), as well as all-new songs by Menken and Tim Rice. Following its Houston run, the show will move to the legendary Palace Theatre in March, where it will begin its Broadway previews.

The company released two promising movies

during the month. *Tombstone* is the story of Wyatt Earp and what happened before and after the famous battle at the OK Corral. *Sister Act II* brings Whoopi Goldberg to the screen to reprise her role as nightclub singer Deloris Van Cartier (alias Sister Mary Clarence).

Buena Vista Productions produced a seasonal special for ABC, *A Musical Christmas at Walt Disney World.*

At Epcot, Future World's mammoth new magic fountain, spouting jets of water up to 150 feet (15 stories) high, made its premiere in a giant new



BELLE, THE HEROINE OF *BEAUTY AND THE BEAST*, GETS A WARM AND AFFECTIONATE GREETING FROM A FAN.

THE THRILLS JUST KEEP ON COMING AT DISNEY-MGM STUDIOS' CATASTROPHE CANYON.

musical extravaganza, *Splashtacular*, in which Mickey Mouse and his friends conquer monsters from outer space in a show replete with fireworks, giant balloons and dancers.

Disney Consumer Products (Europe) and The Walt Disney Company (France) joined with sponsor IBM Personal Computers Europe to stage the first European Junior Rapid Chess Championship at Euro Disney Resort. Contestants from 36 countries competed in four categories (males under 12, females under 12, males 12 to 14 and females 12 to 14). The event was conducted under the auspices of the International Chess Federation (FIDE).

COLLECTIBLES BUSINESS OFF TO FAST START

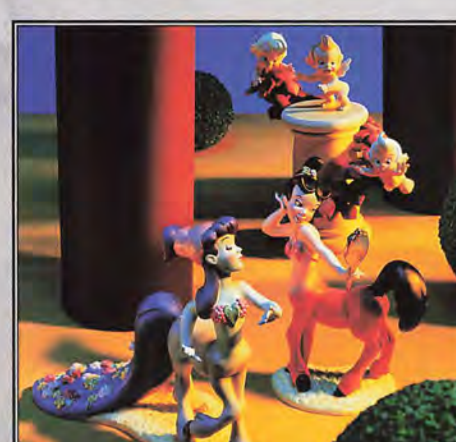
June 1992 marked the launch of an exciting new business for Disney Consumer Products—the Walt Disney Classics Collection, the first line of animation art sculptures developed directly by The Walt Disney Company rather than through a licensed partner. The collection is created by animators using original animation drawings, color palettes and other feature-animation reference materials to recreate memorable moments from classic Disney animated features and cartoon shorts. Of special note is the involvement of retired Disney "Legend" animators, who are consulted to ensure accuracy and fidelity to their original animation creations.

The response to the program has been phenomenal, with numerous pieces selling out even before reaching the retailers' shelves. *Collectors Mart Magazine* calls the collection "an overnight classic," while *Collector's Showcase* says the quality is "second to none." In addition, the line was formally recognized with the "Figurine of the Year" award by the National Association of Limited Edition Dealers for its sculpture of the Field Mouse from *Bambi,* an unprecedented honor for such a newcomer to the collectibles industry.

To further support this growing interest in Disney and Disney collecting, the Walt Disney Collectors Society was recently established. This is the first company-sponsored membership organization for Disney collectors and enthusiasts, and again the response has been tremendous, with the society expected to enroll 50,000 members in the first year.

More and more collectors throughout the country have been made aware of the line by Disney artists and animators, who demonstrate and discuss animation magic at special events.

International expansion of the line will take place in 1994. The Walt Disney Classics Collection brand name will extend to other three-dimensional art forms during the coming year.



The Great Entertainer Is...

SYNERGY

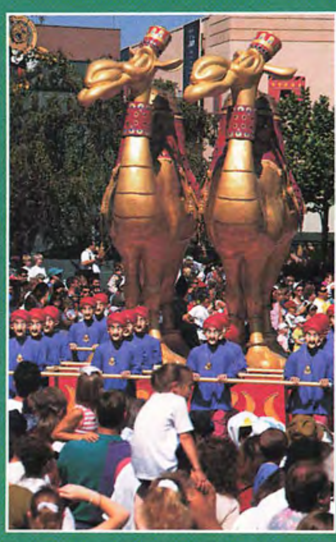
...THE INSPIRATION OF A MOVIE CLASSIC LIKE *ALADDIN* TO SERVE AS AN UNPARALLELED CATALYST TO MOVE THE ENTIRE DISNEY COMPANY TO NEW HEIGHTS OF COOPERATIVE ENERGY

IN ONE YEAR, *ALADDIN* INSPIRED...

...THOUSANDS OF NEW PRODUCTS IN EVERY CONCEIVABLE CATEGORY, INCLUDING GENIE AND CAMEL DOLLS, AND AN EXCITING INTERACTIVE VIDEO GAME FOR SEGA GENESIS

...A DRAMATIC NEW ICE SHOW TOURING THE WORLD

...AND MAJOR NEW PARADES AND CHARACTERS AT DISNEY PARKS



As noted earlier, 1993 was "The Year of *Aladdin*" for The Walt Disney Company...for millions of reasons.

If *Aladdin* had *only* been the animated motion-picture hit that it was...and nothing else, it would have been wildly successful. The film ultimately earned $218 million at the box office in the United States and $100 million through year-end internationally, where it is still in distribution.

But because one plus one often equals three at The Walt Disney Company, *Aladdin* became a great deal more than a hit movie.

People didn't just want to *see* the movie. They wanted to read it, wear it, listen to it and play with it...and Disney's many operating units made those things happen.

To meet this demand, Disney Consumer Products licensed a full line of books, apparel, recordings and toys that, more than a year after the release of the movie, are still selling briskly. During 1993, *Aladdin* merchandise provided the largest percentage of The Disney Stores' total business. To date, more than 4,000 *Aladdin* products have been created worldwide.

Subscribers to The Disney Channel got an insider's look at the film, thanks to a 30-minute special on the making of *Aladdin*. The channel also broadcast segments that promoted the film between its regularly scheduled shows.

KCAL, Disney's independent Los Angeles TV station, joined the *Aladdin* parade, producing its own special, *The Magic of Aladdin.*

Soon after the movie came out, a new *Aladdin* parade was unveiled at the Disney-MGM Studios and at Disneyland. Then, in July, Aladdin's Oasis opened at Disneyland. This is a popular new restaurant and stage show in Adventureland themed after the movie. And, of course, *Aladdin* characters have become instant "stars" at Disney parks around the world.

On Oct. 1, *Aladdin* was released on home video. After its first weekend in release, it had sold an astounding 10.6 million units. By November more than 20 million units had been sold. By year end, it is expected to break the previous record set by *Beauty and the Beast.*

Original artwork from the film was auctioned by Sotheby's for more than $1.35 million. One single piece, depicting Aladdin and Jasmine on their magic carpet ride, brought $25,300. For the more budget conscious, limited-edition serigraph images reproducing scenes from the film were sold at The Disney Stores, the parks and through a network of Preferred Galleries.

In October, the *Aladdin* video game for Sega Genesis was released. This landmark event marked the first time that Disney was an active partner in the creation of a video game. Disney animators were directly involved in the design of the game, which was cited by *Time* magazine as a major step forward in interactive videos.

In the fall of 1994, *Aladdin* will return as the newest entry in *The Disney Afternoon.* Every weekday afternoon, *Aladdin* will be featured in a new half-hour television episode, along with Jasmine, Abu, the Magic Carpet, Iago, the Genie and all the other stars from the film.

These are just some of the highlights of *Aladdin's* impact. There have been literally thousands of smaller ways that the film has created opportunities throughout the company...from *Aladdin* theme-park window displays to *Aladdin* Halloween costumes to *Aladdin* giveaway toys at Burger King.

All of this synergistic interaction is possible because The Walt Disney Company continues to focus on entertainment, the common thread that weaves through all of Disney's far-flung enterprises. As a result, opportunities constantly arise in one area of the company that in turn ignite additional opportunities in other areas. This is why one plus one will continue to equal at least three as Disney maintains its leadership in worldwide entertainment.

MAGIC

...THOSE RARE AND WONDROUS MOMENTS WHEN DREAMS AND REALITY MELD AND BECOME LIFETIME MEMORIES

...AS WHEN A CHILD MEETS A THREE-DIMENSIONAL CARTOON FAVORITE FOR THE VERY FIRST TIME

...OR AT A DISNEY FAIRY TALE WEDDING AT WALT DISNEY WORLD

...OR WHEN FIRE LIGHTS THE NIGHT OVER A DISNEY PARK

DISCOVERY

...THAT SUDDEN FLASH OF INSIGHT INTO WHAT AND WHY AND HOW THAT ONLY THE INSPIRED GENIUS OF A *BILL NYE, THE SCIENCE GUY* OR A TEACHER OF HIS ENTHUSIASM AND INNOVATION CAN IMPART, AS HE DOES ON HIS BUENA VISTA TELEVISION SHOW

...THE UNQUENCHABLE CURIOSITY OF DIVERS EXPLORING SHARK REEF AT TYPHOON LAGOON...OR A YOUNG GIRL STUDYING DISNEY ANIMATORS AT THE DISNEY-MGM STUDIOS TOUR...

...THE RUSH OF EXCITEMENT OF A CHILD GRABBING AT THE ELUSIVE DANCING WATERS AT EPCOT

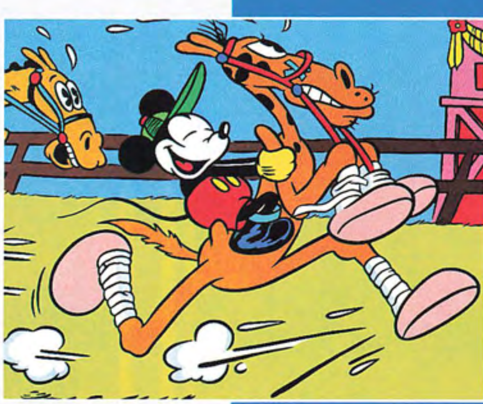
DRAMA

...THE POWER OF STORIES SHOWING HUMANS AT RISK, CAUGHT IN STRESS, DANGER OR HUMILIATION, AS WITH JOHN TURTURRO IN HOLLYWOOD PICTURES' TENTATIVELY TITLED *QUIZ SHOW*

...THE COURAGE OF A DEDICATED YOUNG MAN IN WALT DISNEY PICTURES' *IRON WILL*, A WILD NORTH ADVENTURE MOVIE OPENING EARLY IN 1994

...THE RISKY EXPLOITS OF AN INDIANA JONES AT THE RAIDERS OF THE LOST ARK SHOW, DISNEY-MGM STUDIOS, FLORIDA, OR

...THE ARTISTRY OF A LIVING LEGEND, GEORGE C. SCOTT, IN *THE WHIPPING BOY*, TO BE SEEN SOON ON THE DISNEY CHANNEL

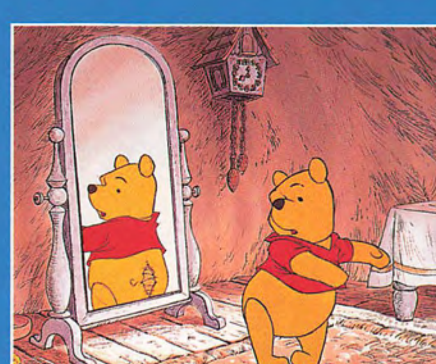


COMEDY

...THE LAUGHTER THAT GROWS FROM FAMILIAR CHARACTERS ENSNARED IN NEW AND TRICKY SITUATIONS...AS WITH TIM ALLEN AND RICHARD KARN IN *HOME IMPROVEMENT*, DISNEY'S NUMBER-ONE NETWORK SHOW

...THE SIMPLE FUN IN FOLLOWING THE ADVENTURES OF CHILDLIKE CHARACTERS, SUCH AS MICKEY IN HIS NUMEROUS COMIC BOOK ADVENTURES

...AND WINNIE THE POOH, CURRENTLY APPEARING IN THE DISNEY CHANNEL'S *WELCOME TO POOH'S CORNER*



MUSIC

...THE KIND THAT STIRS AT DISNEY THEME PARKS, SUMMONING ONE AND ALL TO FUN AND EXCITEMENT

...THE KIND THAT TICKLES, AS WITH THE MACABRE ENSEMBLE FEATURED IN TOUCHSTONE PICTURES' *THE NIGHTMARE BEFORE CHRISTMAS*

...THE KIND THAT INSPIRES, AS WITH DISNEY'S YOUNG MUSICIANS SYMPHONY, AN ANNUAL OFFERING OF THE DISNEY CHANNEL

...THE KIND THAT ROCKS, AS WITH HOLLYWOOD RECORDS' BRIAN SETZER ORCHESTRA

EXCITEMENT

...THE NON-STOP ACTION AND SUSPENSE OF HISTORY RE-ENACTED...AS WITH BUFFALO BILL'S WILD WEST SHOW, EURO DISNEY

...THE EXCITEMENT OF THE CONTEST...AS WITH DISNEY'S MIGHTY DUCKS OF ANAHEIM IN THEIR FIRST NHL SEASON

...THE THRILL OF SPEED AND MOTION IN DISNEY THEME PARK RIDES

Filmed Entertainment

A decade ago, The Walt Disney Studios' motion picture production had dwindled to a mere handful of movies a year. Among Hollywood film companies, Disney ranked 12th and last at the box office.

What a difference a decade can make! Over the last six years, Disney has finished first or second in annual box-office receipts five times while slowly increasing the number of films in release. In 1994, the pace will quicken even more.

All three Disney film labels will contribute to the increase. Touchstone Pictures and Hollywood Pictures each plan to release 12 movies for the new year and Walt Disney Pictures eight. In addition, Miramax Films will contribute as many as 20 films to the company.

Coming Attractions

MOTION PICTURES

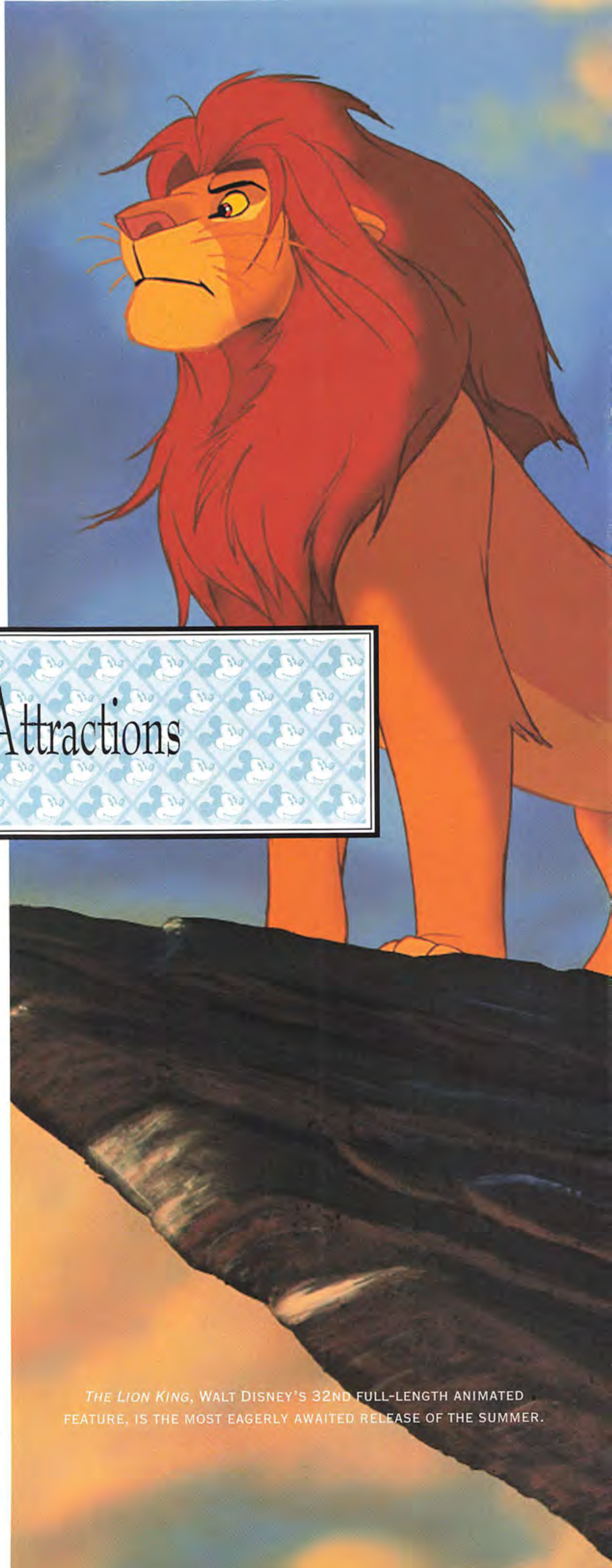
Hollywood Pictures' *The Air Up There*, a sports action/comedy directed by Paul Michael Glaser, and Disney's *Iron Will*, an adventure story set in 1917, will reach theaters in January. Three more comedies arrive in February—*Angie, I Says* with Geena Davis; *My Father, the Hero,* starring Gerard Depardieu; and *Blank Check*, a Disney family movie.

Hollywood Pictures will release a drama tentatively titled, *Quiz Show*. Directed by Robert Redford, it is due out in March. The film explores the 1957 quiz show scandals and congressional investigations surrounding the rigged show.

Later in the spring come *Mighty Ducks II*, a comedy starring Emilio Estevez; *Color of Night*, with Bruce Willis as a therapist being stalked by a killer; *The Inkwell*, a comedy; the drama *Indian Warrior* on the Walt Disney label; and *It's Pat: the Movie*, a Touchstone comedy.

The most eagerly awaited offering of the summer is *The Lion King*, Walt Disney Pictures' 32nd full-length animated feature.

The Lion King follows the heroic journey of Simba, a lion cub forced into exile by his evil uncle after the death of his father, the king.



THE LION KING, WALT DISNEY'S 32ND FULL-LENGTH ANIMATED FEATURE, IS THE MOST EAGERLY AWAITED RELEASE OF THE SUMMER.

Growing up in the jungle with the help of some unlikely companions—Pumbaa, a dim-witted warthog, and Timon, a fast-talking meerkat—Simba comes to learn the meaning of destiny as he returns to claim his rightful place as "King of the Beasts."

With a mixture of romance, comedy and adventure, this new animated epic combines a bold visual tapestry with inspired new songs by Grammy-winning singer/songwriter Elton John and Tony Award lyricist Tim Rice (*Evita, Jesus Christ Superstar,* and Disney's most recent animated feature, *Aladdin*).

I Love Trouble, a romantic comedy starring Nick Nolte and Julia Roberts, is one of the most promising films for summer.

Summer also brings *Renaissance Man,* which tells the story of a man who helps military recruits pass remedial English by learning Shakespeare. It stars Danny DeVito and is directed by Penny Marshall.

Terminal Velocity is an action movie from Hollywood Pictures.

Angels in the Outfield and *Tall Tale,* scheduled for midsummer, are fantasies from Walt Disney Pictures, starring Danny Glover and Patrick Swayze, respectively. A drama/comedy, *Twist of Fate,* starring Steve Martin, is tentatively set for August.

Touchstone's *Ed Wood,* a comedy directed by Tim Burton, and *The Tool Shed,* starring Ellen Barkin, are scheduled fall releases along with *The Myth of the White Wolf,* a Disney animal/adventure movie.

The Christmas 1994 slate features *The Goofy Movie,* a full-length animated film expected to make a big hit with children. Also on the holiday list is *Jefferson in Paris,* with Nick Nolte, which chronicles Thomas Jefferson's five years as U.S. minister to France. The film will be produced by the respected team of Ismail Merchant and James Ivory.

JEFFREY KATZENBERG, CHAIRMAN, AND RICHARD FRANK, PRESIDENT, THE WALT DISNEY STUDIOS.

JULIA ROBERTS AND NICK NOLTE STAR IN *I LOVE TROUBLE,* A SUMMER RELEASE FROM TOUCHSTONE PICTURES.

INTERNATIONAL FILM DISTRIBUTION

Buena Vista International, which distributes the company's films outside North America, leads off fiscal 1994 with a winner.

Aladdin continues to be a triumph in Europe after setting records in the Philippines, Argentina, Mexico, Brazil and Japan. *The Three Musketeers* is scheduled for release early in the year in Europe. Others being readied for international release are *The Joy Luck Club* and *Cool Runnings.*

PAY TELEVISION

ENCORE Media Corporation and Tele-Communications, Inc. reached an agreement to license the pay television rights of Walt Disney Studios' Touchstone, Hollywood and Miramax film releases.

The agreement will run for seven years for Touchstone and Hollywood Pictures, beginning in 1997, and ten years for Miramax, beginning in 1994. The films will first appear on ENCORE's new multiplex pay channel, Starz! Encore-8, which will feature first-run films and is scheduled to launch in January 1994. The films will subsequently appear on ENCORE and its Thematic Multiplex channels.

HOME VIDEO

Breaking its own sales records is getting to be a habit with Buena Vista Home Video. For the sixth consecutive year, it is the industry leader, and prospects for 1994 are especially bright.

By early in the new year, *Aladdin* was the best-selling home video title of all time. To get to the top of the charts, it had to outdistance strong competition, all of it from Disney films. In fact, Buena Vista's top five—*Aladdin, Beauty and the Beast, 101 Dalmatians, Fantasia* and *Pinocchio*—are also the five best-selling titles in the entire home-video industry.

Sister Act, a low-priced, top-sell-

ing title, was the 1993 rental leader, and *The Mighty Ducks* became the best-renting Disney title ever prior to its release into the sell-through market. Fourteen of the top 20 best-selling video titles of all time are Buena Vista Home Video releases. The division is now gearing up for the spring release of the classic *The Fox and the Hound*.

INTERNATIONAL HOME VIDEO

Buena Vista Home Video International expects to further cement Disney's position as the dominant force in the global sell-through video market in 1994.

The division now claims the top eight best-selling videocassettes of all time in the international marketplace, with *The Jungle Book* and *Beauty and the Beast* followed by *Cinderella*, *Fantasia*, *The Little Mermaid*, *Peter Pan*, *Lady and the Tramp* and *Pretty Woman*.

In the spring, the division plans to release *Bambi*. In addition, BVHV-International will launch the Jim Henson Home Video line.

NETWORK TELEVISION

Disney continues to be the leading provider of comedy series for television—and it will lengthen that lead early in 1994 when three newcomers join the lineup.

The Good Life will be seen on NBC, *Monty* on Fox, *These Friends of Mine* on ABC. They join the number-one hit, *Home Improvement*, which ABC has renewed through the 1995-96 season; *Blossom*, now in its fourth season on NBC; *Empty Nest*, in its sixth season on the same network; *Herman's Head* and *Nurses*, in their third seasons on Fox and NBC; and *Where I Live*, in its second season on ABC.

Walt Disney Television will provide as many as five high-quality, family-oriented movies-of-the-week for ABC through the 1994-95 season.

MIGHTY DUCKS II, STARRING EMILIO ESTEVEZ, WILL TAKE TO THE ICE ANEW THIS SPRING WHEN THE SEQUEL TO 1992'S SUCCESSFUL ORIGINAL HITS THE NATION'S SCREENS.

THE CRUSADERS FROM BUENA VISTA TELEVISION IS AN INVESTIGATIVE ADVOCACY PROGRAM IN WHICH TEAM MEMBERS INVESTIGATE AND REPORT ON REAL-LIFE PROBLEMS AND SITUATIONS. THE SHOW, LAUNCHED IN SEPTEMBER, STRUCK A RESPONSIVE CHORD WITH TV AUDIENCES NATIONWIDE.

TELEVISION SYNDICATION

Buena Vista Television expects *Home Improvement* to be the second-highest revenue earner per episode when it goes into syndication in the fall of 1995. Only *The Cosby Show* will have earned more. Network episodes of *Blossom* and *Dinosaurs* have been sold for off-network availability in fall 1995 as well.

The Crusaders, an investigative advocacy program designed to help people with real-life problems who can't help themselves, quickly established itself as one of the top new syndicated shows of the 1993-94 season.

Live with Regis and Kathie Lee is the fastest-growing syndicated talk show, while *Siskel & Ebert* continues as the premiere movie-review show in syndication.

INTERNATIONAL TELEVISION

Buena Vista International Television (BVI-TV) is the international television distribution arm of The Walt Disney Studios, licensing all Disney, Touchstone and Hollywood Pictures television and film programming to broadcasters outside the United States. It also distributes originally produced programming and acquired product, maintaining active relationships with broadcasters in more than 100 countries worldwide.

More than 30 markets broadcast original programming produced by Disney's international production division. This includes the highly successful *Disney Clubs*, which attract a weekly audience of approximately 75 million viewers. New shows were introduced, one each in Italy and Japan and three in the U.K. on breakfast license holder GMTV in which Disney has a 25% interest.

The second country-specific international television version of *Where In the World Is Carmen*

Sandiego? makes its debut in January on Germany's top public broadcaster, the ARD. The first version aired in 1993 on Italian TV's RAI Due.

It is anticipated that *Stick With Me, Kid,* the first in a new series of specials under the name Disney Theatre, will be broadcast throughout Europe and could potentially become a series as well. In addition, development on new Disney Theatre projects has already started.

THE DISNEY CHANNEL

The Disney Channel has become the launching pad for several television premieres of the company's films.

The Mighty Ducks, starring Emilio Estevez, makes its TV debut in January. A month later, *The Rescuers* will be the first of several Disney animated films to appear on the channel.

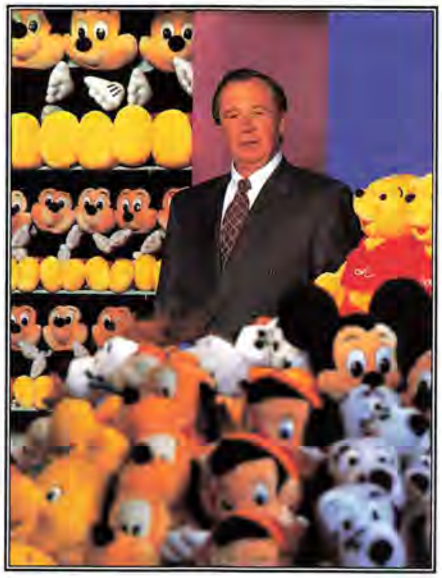
KCAL-TV

Disney's KCAL-TV continues to build on its frequently honored news programs and specials.

During the first quarter of 1994 the station was producing five-minute local news updates covering Orange County (California) news for CNN Cable News, enabling it to reach 350,000 cable subscribers. KCAL plans to expand its existing CNN Headline News business by doubling the number of inserts and starting a Los Angeles Metro version of the cut-in. The new inserts are expected to reach more than two million cable homes within 12 months.

In addition to extending its long-term contract with the Los Angeles Lakers, the station signed an exclusive three-year contract for TV rights to all Los Angeles Raiders pre-season games. KCAL is also airing 20 games of Disney's Mighty Ducks of Anaheim in their opening National Hockey League season.

BARTON K. BOYD, PRESIDENT, DISNEY CONSUMER PRODUCTS.



DOPEY IS A COOKIE JAR AND JACK SKELLINGTON (*THE NIGHTMARE BEFORE CHRISTMAS*) ADORNS ANOTHER IN TWO SAMPLES OF THE THOUSANDS OF PRODUCTS INSPIRED EACH YEAR BY CHARACTERS FROM DISNEY FILMS.

Consumer Products

Even before 1994 began, Consumer Products was hard at work alongside Disney animators designing thousands of new items that will greet the June release of Disney's animated film, *The Lion King*. It will be Disney's largest licensing program ever and the first developed on a global basis.

Walt Disney Records will offer the original soundtrack, with songs by Elton John and Tim Rice. *The Lion King* also will be available as a read-along story and will be presented in two new audio formats—the play-along and the sing-along.

Disney Licensing will present giant-sized plush toys of the characters and an extensive array of other products for all ages. Mattel will produce its largest selection ever of toys for a Disney film. More than 100 Lion King publications, from coloring books to storybooks, will be available.

The Disney Stores will carry exclusive Lion King merchandise and window displays. Disney Art Editions will take the animation originals on tour in the U.S., and Walt Disney Computer Software will collaborate with Disney animators to create a Lion King video game.

But 1994 is far more than just the Year of the Lion. It is also the Year of the Duck.

In fact, Donald Duck's 60th birthday on June 9 will bring forth an international celebration.

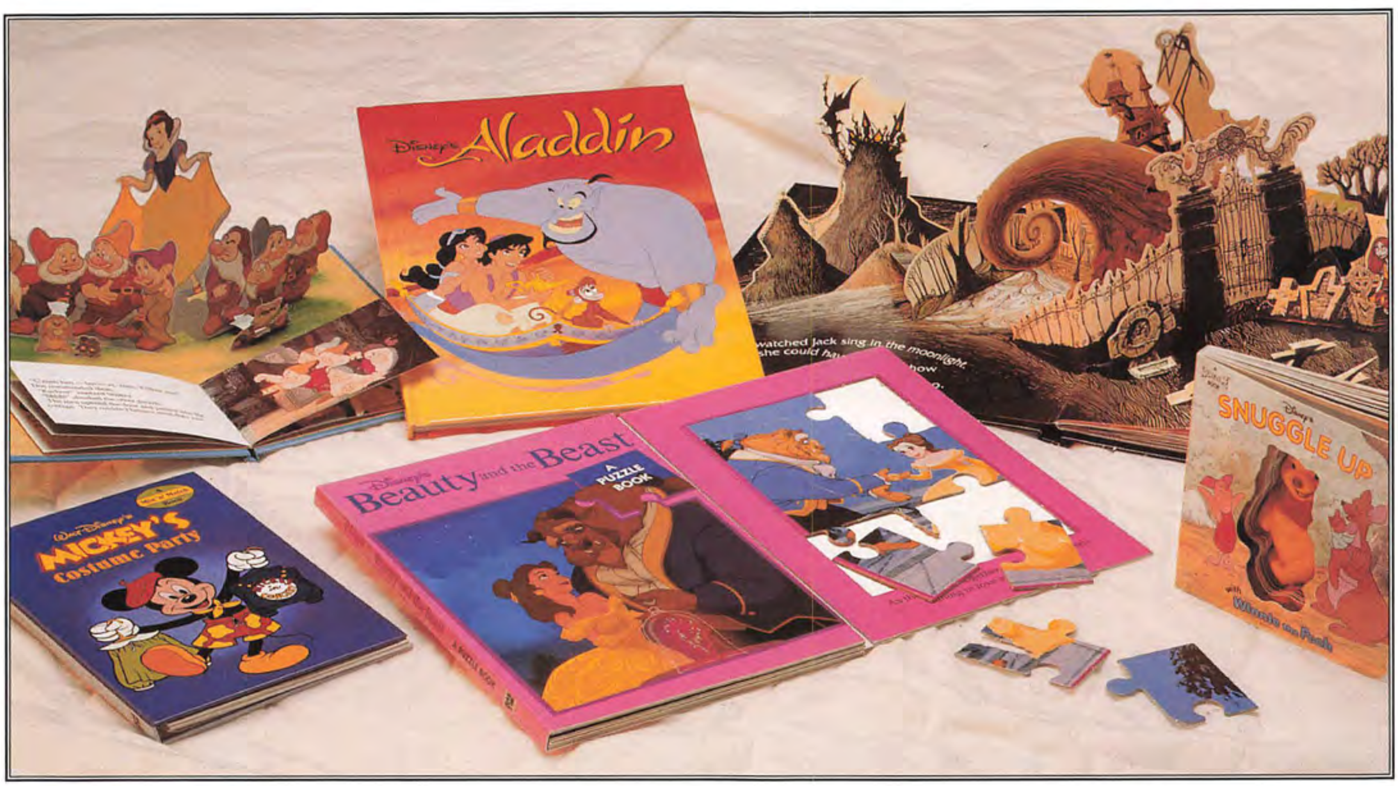
In Europe, where Donald is Disney's most recognized character, the quirky quacker will be honored with special promotions, books and comics, merchandise and collectors editions. Renowned Donald Duck storyteller Carl Barks will headline a regional tour.

In the U.S., special limited-edition images of Donald art will be offered by Disney Art Editions.

Disney and 10 different Disney magazines will be hosts to the first Children's Summit at Euro Disney

WALT DISNEY IMAGINEER PAINTS ALIEN TO BE FEATURED IN ALIEN ENCOUNTER, CENTERPIECE OF THE NEW TOMORROWLAND BEING READIED FOR THE MAGIC KINGDOM, FLORIDA.

MICKEY'S TOONTOWN AT DISNEYLAND WAS AN IMMEDIATE HIT FOLLOWING ITS JANUARY OPENING.



DISNEY'S NEW BOOK IMPRINT MOUSEWORKS WILL BE EXTENDED WITH DOZENS OF NEW TITLES IN 1994.

in February. Some 300 youngsters from 10 countries will discuss the future of school, travel, the family and other subjects, all part of the companies' joint effort to make kids and teachers more aware of the park and the magazines.

Winnie the Pooh will be the focus of a national merchandising effort in both department stores and mass-market retailers.

The existing high-end Classic Pooh department-store gift line, reflecting the nostalgic style of the original Shepard illustrations, will be expanded to include a broad line of apparel, home furnishings and plush toys. In addition, a new and contemporary mass-market Pooh brand will be spearheaded by Mattel Toys and Hallmark beginning in the fall, supported by national advertising and promotion.

Late in the year, Walt Disney Records will offer a boxed set of songs by Disney's award-winning songwriting team of Alan Menken and the late Howard Ashman with Tim Rice. The collection includes the familiar classics from *The Little Mermaid, Beauty and the Beast* and *Aladdin*—along with never-before-released material. It comes with a full-color book.

The Walt Disney Classics Collection will introduce a series of animation art sculptures from *Peter Pan* to commemorate the film's 40th anniversary.

Walt Disney's World on Ice has been so popular in Japan that its 1994 schedule has been extended a full month. *Walt Disney's World on Ice Celebrating Mickey Mouse* will become the first Disney stage production ever to appear in China when it premieres in Shanghai during September.

Consumer Products will continue to make news in Asia, opening offices in Indonesia, Malaysia and China.

The Disney International Youth Soccer Cup tournament finals will be held in mid-July at the Rose Bowl in Pasadena, Calif. More than 400 youth soccer teams from around the world will compete for the prestigious cup, hosted by Disney and organized by the American Youth Soccer Organization.

HOLLYWOOD RECORDS

Hollywood Records will release the first and only album ever recorded using solar energy. The special album, titled *Alternative NRG*, will benefit Greenpeace International and contain live performances by such artists as U2, R.E.M., Annie Lennox, P.M. Dawn, UB40 and Yothu Yindi.

Proceeds from sale of the album, to be released in January, will benefit Greenpeace's Atmosphere and Energy Campaigns.

Also due from Hollywood Records early in the year is a record featuring the Brian Setzer Orchestra, a 16-piece rocking big band performing early rock-style songs and swing standards in addition to Stray Cats favorites from Setzer's highly acclaimed '80s rock band.

Walt Disney Attractions

An ambitious slate of projects currently under development and construction by Walt Disney Imagineering, Disney Development Company and Walt Disney Attractions is literally transforming the landscape at Disney parks around the world.

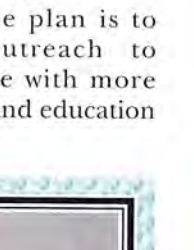
Walt Disney World, in particular, is reinventing itself, with major changes in progress at Epcot, the Magic Kingdom and the Disney-MGM Studios. At Disneyland, Roger Rabbit's Car Toon Spin is making its debut, and work is well under way on the Indiana Jones Adventure, a new thrill ride created and produced by George Lucas.

EPCOT

The biggest news in Florida is a plan to transform Epcot into a dynamic, self-renewing World's Fair, a land of discovery and adventure for the 21st Century. It represents a renewed commitment to make Epcot a place where the latest in science, technology, art and culture are brought to life through the magic of Disney entertainment.

A key part of the plan is to expand Epcot's outreach to educators everywhere with more television, publishing and education

DISNEY SOFTWARE GOES 'BIG TIME' WITH ALADDIN GAME FOR SEGA GENESIS



The merging of high-tech and Hollywood that visionaries have predicted for years is now taking shape at Disney. Walt Disney Computer Software, a division of Disney Consumer Products, delivered exciting new products this year that captured the attention of CNN, *Time* and numerous critics.

The introduction of Disney's *Aladdin* for the Sega Genesis game system at the Consumer Electronics Show last summer marked Disney's first major entry into what is expected to become a fast-growing business. The game, produced in collaboration with Sega of America and Virgin Games, arrived on retail shelves in the fall to positive consumer response.

Later, the software group announced the release of the Imagination System, a new IBM PS/1 computer loaded with Disney Software, as well as a new Disney Collection Screen Saver from Berkeley Systems.

Disney's pioneering home education and entertainment software earned both critical and commercial success with *Mickey's Follow the Reader* and *Mickey's Stunt Island. Stunt Island* was named Critics' Choice for Best Consumer Software by the Software Publishers Association, and Follow the Reader received the Parents' Choice Award.

programs. One goal is to demonstrate that learning can be fun.

To launch this program, major changes are being readied by Walt Disney Imagineers in several Future World showcases.

At Innovations Plaza in Epcot's Future World, "Innoventions"—70,000 square feet of display space devoted to high-tech products of the future—is being readied for a June opening. In it is the Home of the Future, a showcase for new products, including the latest in home appliances, building materials and communications products.

Spaceship Earth's final chapters in the story of communication have been updated to dramatize how satellites have turned Earth into a true "global village." The attraction, presented under a new 10-year agreement with AT&T, will be unveiled late in the year.

In The Land pavilion, presented by Nestlé, guests will begin their trip in a newly created storm and end with a look at the tillers of the land around the world. A new musical, *Food Rocks,* will include music by "Pita" Gabriel and the "Peach" Boys. These enhancements will be ready by spring.

Imagineers are currently developing *Honey, I Shrunk the Audience,* a new 3-D show based on Walt Disney Pictures' releases *Honey, I Shrunk the Kids* and *Honey, I Blew Up the Kid.* Wayne Szalinski's wacky inventions will dazzle audiences at Kodak's Journey Into Imagination pavilion in the attraction slated to replace *Captain Eo* in the fall at Epcot.

In the more distant future, the Universe of Energy will reach even further into the recesses of prehistoric times. The enhanced show will explain Earth's formation and its sources of energy. A 1996 opening is planned.

RICHARD A. NUNIS, CHAIRMAN, AND JUDSON C. GREEN, PRESIDENT, WALT DISNEY ATTRACTIONS.

MARTIN A. SKLAR (RIGHT), PRESIDENT, AND MICKEY STEINBERG, EXECUTIVE VICE PRESIDENT, WALT DISNEY IMAGINEERING.

DISNEY-MGM STUDIOS

Imagineers are putting the finishing touches on the Twilight Zone Tower of Terror and Sunset Boulevard for a mid-1994 opening.

The Tower of Terror enables guests to enter the fifth dimension. Once inside a fading Hollywood hotel circa 1939, guests board ride vehicles and suddenly are confronted with haunted corridors and ghostly images of guests who disappeared one night when a bolt of lightning struck the building's tower.

Eventually, each vehicle makes its way to the top of the tower, 13 stories up, only to plummet down the shaft in a climactic drop unrivaled in any other Disney thrill attraction.

A new Sunset Boulevard will lead guests from Hollywood Boulevard to the Tower of Terror. Guests will find the Sunset Ranch Market, a restaurant with covered picnic areas, shops and a relocated Theater of the Stars, enlarged to seat 1,500 for the live shows that have become a regular feature.

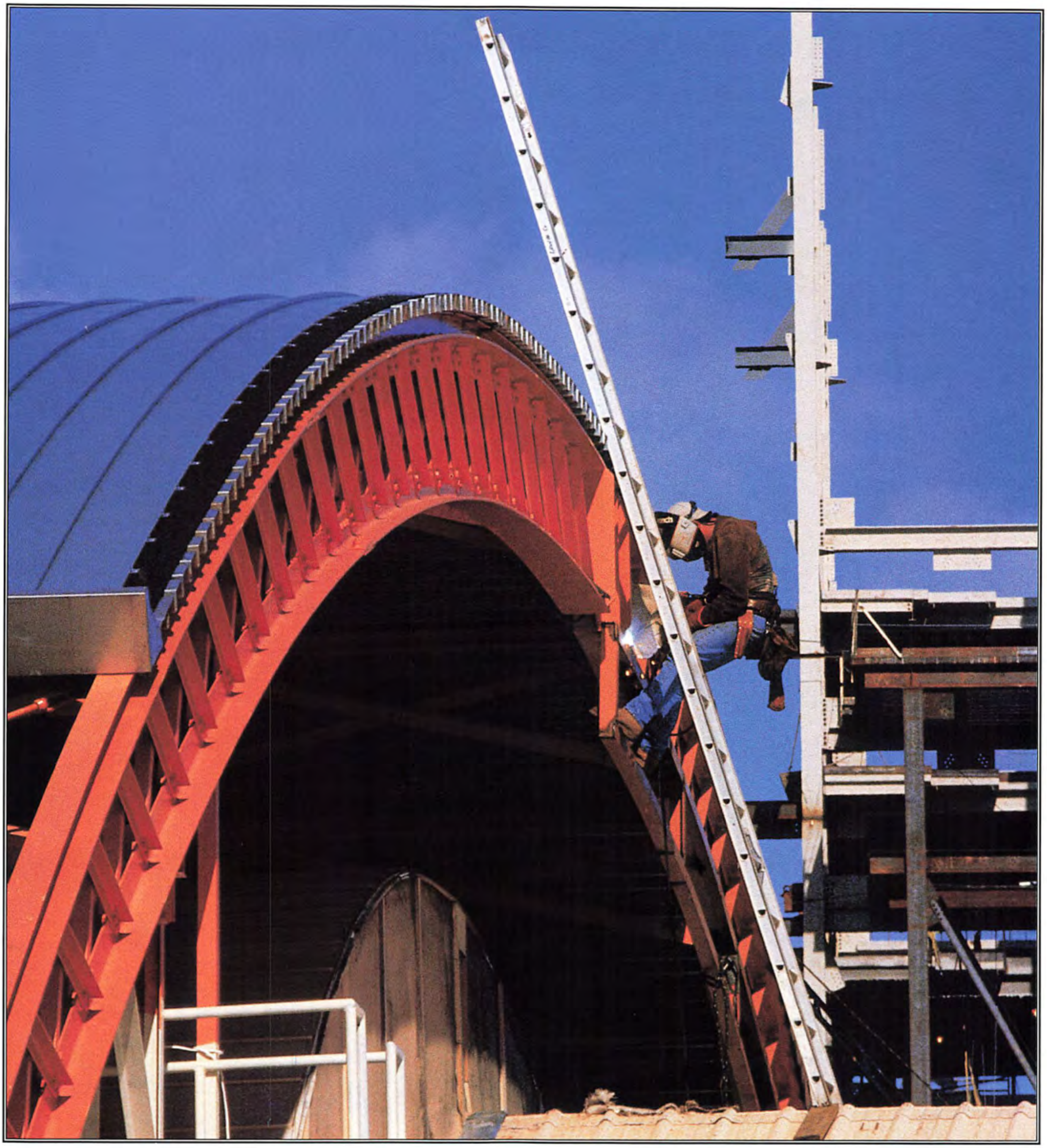
Based on the success of Disneyland's "Fantasmic!," a new version of the spectacular, "Fantasmic Hollywood!," is in production to open at the Disney-MGM Studios in the near future. The plans include a new outdoor theater facility.

MAGIC KINGDOM

A new live attraction is being developed to introduce The Lion King into the Magic Kingdom at the same time the film is released in early summer.

Imagineers are working on a whole new Tomorrowland that will take shape in the next three years. There they will create the look of a "lived in" Future City. At the center of the new land, an AstroOrbiter will spin around with guests in spherical pods.

New Tomorrowland's quintessential show, Alien Encounter, will introduce technology from a faraway galaxy, developed by a highly advanced alien corporation, that demonstrates the wonders of interplanetary teleportation.



WHEN DISNEY-MGM STUDIOS OPENS ITS NEW SUNSET BOULEVARD IN MID-1994, ONE OF THE LANDMARKS WILL BE THIS RELOCATED THEATRE OF THE STARS NOW UNDER CONSTRUCTION.

DISNEY VACATION CLUB: FAST-GROWING NEW BUSINESS

The Disney Vacation Club (DVC) grew tremendously during 1993 as sales rose 28 percent over its highly successful first full year and the member base increased from 3,300 to more than 7,500.

Started in October, 1991, DVC is operated by Disney Vacation Development, Inc.

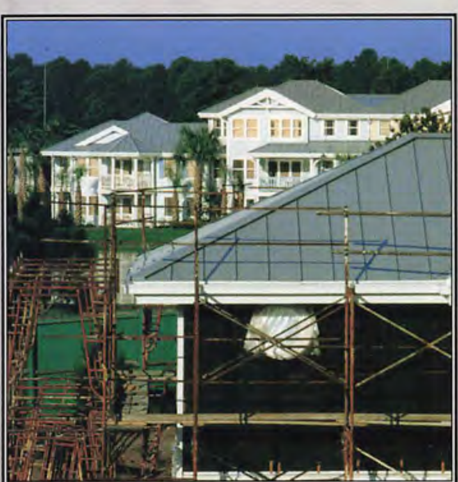
Its unique concept sets DVC apart from other timeshare products, offering unprecedented flexibility, exclusive privileges and Disney's high standards of quality and service. Each year, DVC members can choose their length of stay, the dates they wish to vacation and the size of accommodations that fit their needs, subject to availability.

DVC members can exchange their reserved accommodations for stays in the many Disney luxury and premium hotels, as well as in more than 200 premium resorts worldwide.

The Disney Vacation Club at the Walt Disney World Resort grew from 282 to 388 vacation homes during fiscal year 1993. New and enhanced programs, such as theme nights, seminars and visiting celebrity gatherings, have been added for members' enjoyment. Rave reviews by both members and guests have resulted in an overall guest satisfaction rating of 9.6 (out of 10) and a member service rating of 4.8 (out of 5).

In an effort to expand opportunities and experiences available to its members, DVC has been seeking new resort sites worldwide. In March, DVC announced plans to build an oceanfront resort in Vero Beach, Fla., Disney's first resort outside a theme park.

A range of exciting activities is planned for 1994. Groundbreaking in Vero Beach is set for early spring; upon satisfaction of all regulatory requirements, sales should begin in the fall. At the Disney Vacation Club at Walt Disney World, completion of 529 vacation homes is targeted for spring. As expansion continues, DVC expects to announce new resort sites throughout the year.



It may look like a new high-rise, but don't be fooled. When it opens at Disney-MGM Studios next summer, the Twilight Zone Tower of Terror will take guests on a ride through its haunted corridors culminating in a 13-story drop.

DDC IS HARD AT WORK COMPLETING WILDERNESS LODGE FOR A SUMMER OPENING AT WALT DISNEY WORLD.

At the last moment, the trip bringing an alien to the Magic Kingdom goes awry...with frightening consequences.

BLIZZARD BEACH

A "northern" cousin to Typhoon Lagoon and River Country, Blizzard Beach opens in early 1995 at Walt Disney World. It will be Disney's largest themed water park, with 19 water slides and "icy" bobsled runs that stay comfortably warm and thrillingly fast. Built into the side of a "snow-capped" mountain are thrills such as Summit Plummet, the world's longest speed slide with a 120-foot free-fall plunge, and Teamboat Springs' bobsled run, where four-person tube sleds twist down a 1,200-foot water run. The park will feature special areas for teenagers and young children and a one-acre wave pool.

DISNEY'S SPORTS CENTER

Disney's Sports Center, a new international amateur sports complex, will be built on 100 acres of Disney World property starting next year. The center will include a 5,000-seat main-event stadium, giant multi-purpose field house, tennis arena, multi-sport practice fields, running tracks, fitness center and training facilities.

The Sports Center will provide professional-caliber training facilities and competition sites and vacation-fitness facilities for at least 25 individual and team sports in its initial phase.

The project is expected to attract thousands of sports enthusiasts from around the world.

Disney will organize championship competitions and major tournaments in many sports. For example, Walt Disney World is already assured of having one of the nation's premier marathon races, with 8,200 runners registered for the inaugural event in January.

DISNEYLAND

Across the continent, the expansion of Mickey's Toontown brings with it Roger Rabbit's Car Toon Spin. Riders steer their own taxicabs into walls and buildings, and the adventure takes guests through less-fashionable parts of Toontown into the back alleys of the underworld, where weasels "kidnap" a defiant Jessica Rabbit.

Also at Disneyland, construction is well under way for the Indiana Jones Adventure. The intrepid Indy, star of the film trilogy created and produced by George Lucas, will come to life in a runaway Jeep expedition through ancient temple ruins in Adventureland.

ROGER RABBIT'S CAR TOON SPIN OPENS AT MICKEY'S TOONTOWN, DISNEYLAND, IN JANUARY.

There's terror at every bend—bubbling lava pits, clouds of smoke, a quaking suspension bridge. It is scheduled to open in 1995.

TOKYO DISNEYLAND

The company is engaged in discussions with Oriental Land Company, which owns and operates Tokyo Disneyland, to build a second, sea-themed park on Tokyo Bay adjacent to the existing park.

DISNEY DEVELOPMENT AND DISNEY RESORTS

While Walt Disney Imagineering is working at a breakneck pace rejuvenating and constructing new attractions at Disney theme parks, Disney Development Company is

also on the fast track, working with Walt Disney Attractions to develop several important new projects in Florida, California and Virginia.

In Florida, Disney Development and Disney Resorts are overseeing the construction of three major hotels and are in the early planning stages for four other hotel projects.

The plush-but-rustic Wilderness Lodge and the moderately priced Disney's All-Star Sports Resort will be open by summer, but they are just part of the biggest hotel expansion in the history of Walt Disney World. All told, almost 10,000 more rooms will be built by 1998.

Disney's All-Star Music Resort, adjacent to the All-Star Sports Resort, will bring 1,900 more rooms to the property beginning in 1995. A third all-star resort, also of 1,900 rooms, is planned nearby for completion in 1998.

Coronado Springs Resort and Disney's Boardwalk Resort will both open in 1996. The former recalls the romance of sunny Spain, with tile roofs and palm trees. It will comprise 1,980 moderately priced rooms, themed pools and a 95,000-square-foot convention center.

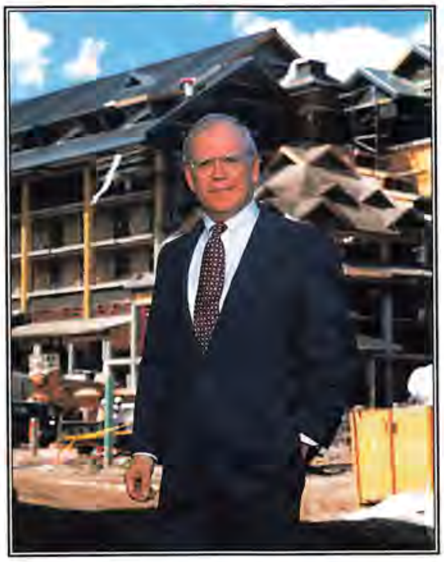
Disney's Boardwalk Resort will capture the atmosphere of turn-of-the-century Atlantic City. In addition to nightclubs, lounges, shops, restaurants and miniature golf courses, it will encompass 375 guest rooms and 480 Disney Vacation Club villas.

Disney's Wilderness Junction Resort, a companion to Wilderness Lodge, will be a log-sided structure deep in the woods at the end of a nature trail. With 575 guest rooms, it will open in 1997.

THE DISNEY INSTITUTE

DDC will begin transformation of The Disney Village Resort, one of Walt Disney World's first hotel complexes, into the Disney Institute later this year. The Institute, which will offer guests the opportunity to enjoy a relaxed vacation community and choose from a rich array of participative programs during their stay, is on target for a late 1995 opening.

PETER S. RUMMELL, PRESIDENT, DISNEY DESIGN AND DEVELOPMENT.



CONSTRUCTION CONTINUES ON MODERATELY PRICED ALL STAR RESORTS AT WALT DISNEY WORLD, WHERE FIRST UNITS WILL OPEN THIS SUMMER.

CELEBRATION

Disney Development is also moving forward toward construction of Disney's 5,000-acre town of Celebration, which will be built on Walt Disney World property in Osceola County, Florida. Subject to final regulatory agreements, construction is expected to begin in 1994.

CALIFORNIA

Following three years of feasibility work that included securing government approvals and a land-acquisition program, a final decision will be made during 1994 on whether to go forward on the Westcot project adjacent to Disneyland.

VIRGINIA

Disney announced plans to develop a unique and historically detailed new park, Disney's America, to be located in Prince William County, Virginia, west of Washington, D.C.

Chairman Michael Eisner said the new park will celebrate the nation's richness of diversity, spirit and innovation. The new park, to be located on 1,200 acres of a 3,000-acre site, will differentiate itself from others in subject matter and presentation, focusing on important historical events or eras in the nation's past. The park is envisioned as an ideal complement to the itinerary of guests visiting Washington's museums, monuments and national treasures.

While long-term plans are not final, Disney proposes to build residences, hotels, a golf course and mixed-use development on that portion of the land not devoted to park use. These projected facilities, like the park, would be surrounded by greenbelts and open spaces for the benefit of the environment and neighbors.

Financial Review

RICHARD D. NANULA
SENIOR VICE PRESIDENT AND CHIEF FINANCIAL OFFICER.

Strategic and Financial Objectives

The Walt Disney Company has several strategic and financial objectives that guide management decision-making in creating value for its shareholders. The overriding objective is to sustain Disney as the world's premier entertainment company from a creative, strategic and financial standpoint.

Another objective is to maintain and build upon the integrity of the Disney name and franchise. In order to maintain the brand's image, the Company goes to great lengths to preserve the fundamental values with which Disney products and services are most often associated: quality, imagination and guest service.

The Company's financial objectives are to achieve 20% annual earnings growth over current five-year periods, beginning with 1991 as the base year, and, through profitable operations and reinvestment of cash flow, 20% annual return on stockholders' equity.

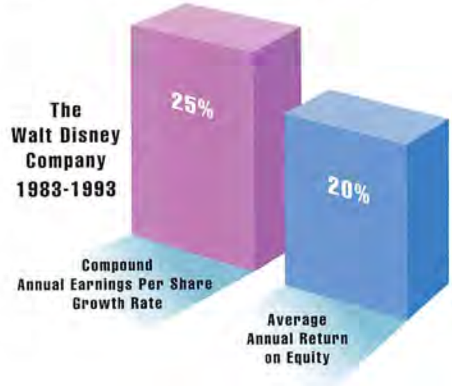
Disney Business Segment Operating Income

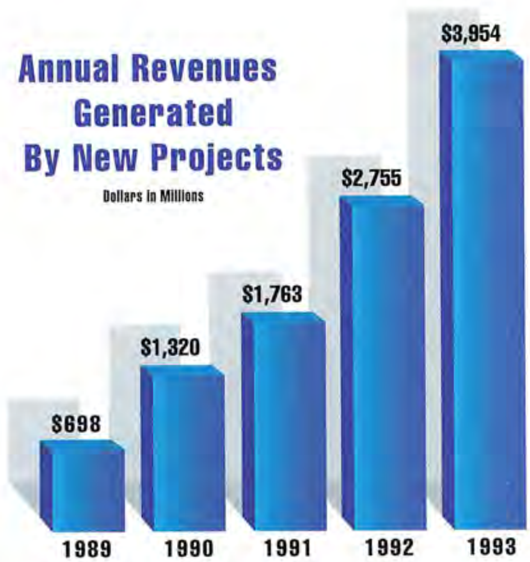
	1992	1993	% Change
Theme Parks and Resorts	$644	$747	16%
Filmed Entertainment	$508	$622	22%
Consumer Products	$283	$356	26%
Total	$1,435	$1,725	20%

In 1993, Disney's three business segments posted operating income gains of 16% to 26%, and consolidated operating income grew more than 20%. In fact, since 1983, the successful performance of Disney's 100%-owned businesses has generated compound annualized operating income growth of more than 23%.

The Company's ongoing earnings per share, at $1.63 before the cumulative effect of accounting changes and reserves associated with Euro Disney, have grown at 17% on a compound annual basis since 1991. In addition, over a ten-year span, Disney's businesses have produced earnings that have grown at an even more impressive 25% compound annualized rate.

In 1993, the Company posted a 17% return on equity before the cumulative effect of accounting changes and Euro Disney reserves. Over the past ten years, Disney's return on equity has averaged 20%. While the Company's earnings per share growth and return on equity in 1993 fall somewhat short of its 20% objectives, due in part to such factors as the weak U.S. and European economies and losses at Euro Disney, they still compare favorably with the com-



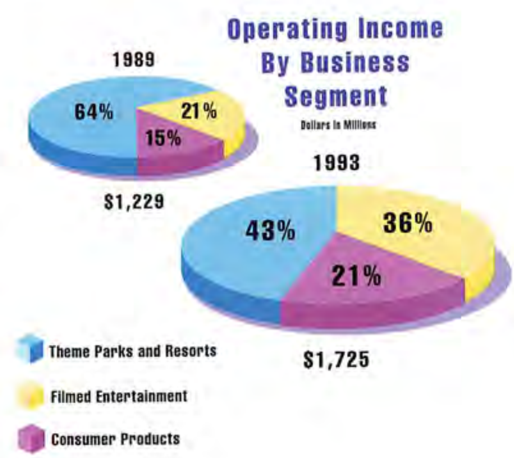


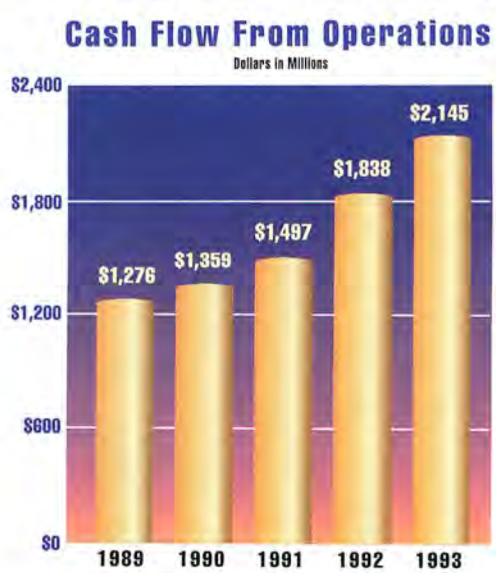
pound annual earnings growth and return on equity for the Standard & Poor's 500 over the same timeframe. The accelerated output of feature-length animated films, the increasing demand for motion picture software and television programming, the further expansion of the Disney theme park and resort experience, the continued expansion of The Disney Stores, and the growth of the worldwide character-licensing businesses are just a few of the areas which contain promising future growth opportunities for the Company.

Innovative new projects and initiatives will also contribute to the Company's growth. In 1993, revenues generated by new projects were nearly $4 billion. Combined, these revenue streams have grown at 86% on a compound annual basis and have contributed more than $10 billion to total Company revenues over the past five years.

Balance and Disney's Changing Mix of Business

In 1993, the relative profit contributions of Disney's three major lines of business continued their shift toward more balanced proportions. For example, in 1989 Disney's Theme Parks and Resorts segment provided 64% of the Company's total operating income; Filmed Entertainment was responsible for 21% and Consumer Products 15%. In 1993, however, Filmed Entertainment and Consumer Products profits combined comprised 57% of Disney's total operating income—up two percentage points from last year—with Theme Parks and Resorts providing the balance of 43%. As a result of this improved balance, Disney shareholders enjoy a more diversified mix of earnings which lessens the Company's dependency on any one line of business for successful financial performance.





Cash Flow and Capital Spending

The Company's increasing revenues and operating income led to a 17% increase in cash flow from operations in 1993 to $2.1 billion. Over the past five years, cash flow has grown at an annual rate of 15% and has totalled $8.1 billion. As the bulk of Disney's capital spending is discretionary, the Company continues to generate substantial free cash flow each year.

Approximately $70 million of total 1993 cash flow from operations, or just 3%, was invested to maintain existing assets. The remaining $2.0 billion of total 1993 capital spending of $2.1 billion was invested in new projects expected to provide future growth and profits over the coming years.

Financial Strategies

In the record-low interest rate environment that emerged in 1993, Disney continued to monitor the financial markets for opportunities to reduce the Company's weighted average cost of capital. Disney capitalized on these lower rates by deciding last March to call its zero coupon liquid yield option notes due 2005, for an aggregate redemption price of $1.0 billion, and refinance at substantially lower rates.

Disney also took advantage of declining interest rates by launching an historic and highly publicized issuance of 100-year notes in July which raised approximately $300 million in funds. These extended maturity notes — with a 7.55% yield — allow Disney to lock in an attractive interest rate for most of the 21st century. More importantly, the popularity of the notes is a clear indication of the market's confidence that your Company will continue to be The Great Entertainer for a very long time to come!

Earlier in the year, Disney raised $400 million from the issuance of senior participating notes in a combined European public offering and U.S. private placement. The notes, due 1999 with a minimum yield of 2.9%, are unique in that a portion of the interest paid is contingent upon the performance of a portfolio of live-action films from Walt Disney Pictures, Hollywood Pictures and Touchstone Pictures. In the future, the Company will continue to seek partners that will share the risks and rewards of its growing live-action film business.

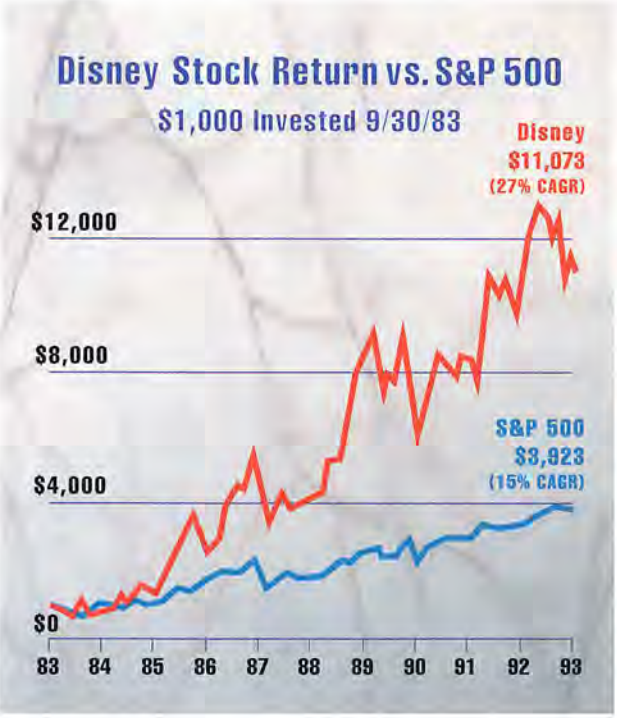
Shareholder Value

As a result of the Company's superior financial performance, substantial cash flow, investment in new projects and innovative financings, long-term investors in The Walt Disney Company stock have experienced returns far exceeding those generated by the market.

Since September 30, 1983, Disney common stockholders have realized compound annualized returns of 27%, a full twelve percentage points over the compound annualized returns garnered by investors in the Standard & Poor's 500 during the same period. In fact, if you had purchased 100 Disney shares for a total cost of $2,500 at the Company's initial public offering in 1940, today, following seven stock splits and 19 stock dividends, you would own 83,441 shares worth over $3.1 million on September 30, 1993, for an annualized return of 14%. In addition, you would receive over $20,000 per year in dividend income.

In each year since 1988, The Walt Disney Company's quarterly dividend has increased 20% or more. In January 1993, Disney's Board of Directors again voted to increase your Company's dividend by 20%. Over the past five years, Disney's dividend growth rate has been nearly three times greater than that of the Standard & Poor's 500 over the same timeframe.

The repurchase of Disney stock is yet another way the Company has helped to increase shareholder value. Since the current stock repurchase program was instituted in 1985, approximately 53 million Disney shares have been repurchased at an average price of $15 for an aggregate cost of nearly $800 million. If priced as of the close of trading on September 30, 1993, the repurchased shares would have a market value of about $2 billion. The Company is authorized to repurchase an additional 37 million shares.



Management's Discussion and Analysis of Financial Condition and Results of Operations

OPERATIONS

1993 vs. 1992: Revenues increased in 1993 by 14% to $8.5 billion from 1992 levels. The increase resulted primarily from successful domestic home video releases, increased international theatrical distribution activities, the continued expansion of The Disney Stores worldwide and increased licensing activities. Revenues of $1.8 billion from foreign operations in all business segments increased by 25% and represented 21% of total revenues, an increase of 2 percentage points over 1992.

Operating income for 1993 increased by 20% to $1.7 billion from $1.4 billion in 1992. The increase was due to the successful domestic and international home video and international theatrical release of *Beauty and the Beast*, the strong worldwide theatrical release of *Aladdin*, the domestic home video release of *Pinocchio* and greater product availabilities in pay television and worldwide television syndication. Theme Parks and Resorts operating income grew as a result of increased domestic theme park per capita spending and higher occupied rooms at the Florida resorts together with increased sales at the Disney Vacation Club and higher royalties from Tokyo Disneyland. Consumer Products results primarily reflected increased demand for Disney licensed products in worldwide markets.

Income and earnings per share before the cumulative effect of accounting changes in 1993 (described below) decreased 18% to $671.3 million and 19% to $1.23, respectively, from $816.7 million and $1.52 in 1992. The decrease reflects the impact of a charge of $350 million to fully reserve the Company's current receivables and funding commitment to Euro Disney and the Company's equity share of Euro Disney's operating loss. (See Note 3 to Consolidated Financial Statements.) The Company's 1993 net income and earnings per share were significantly impacted by the change in accounting method for pre-opening costs and the impact of adoption of two new required Statements of Financial Accounting Standards, *Employers' Accounting for Postretirement Benefits Other Than Pensions* (SFAS 106) and *Accounting for Income Taxes* (SFAS 109).

The cumulative effect of the change in accounting method for pre-opening costs resulted in a charge of $271.2 million or $.50 per share. In addition, the cumulative effect of adopting SFAS 106 was a charge of $130.3 million or $.24 per share, partially offset by the $30.0 million or $.06 per share benefit from adopting SFAS 109. (See Notes 1, 7, 8 and 12 to Consolidated Financial Statements.)

Net income after the cumulative effect of accounting changes in 1993 decreased by 63% to $299.8 million from $816.7 million in 1992 and earnings per share fell 64% from $1.52 to $.55.

1992 vs. 1991: In 1992, the Company generated a record $7.5 billion in revenues, an increase of 23% over 1991. The increase was driven by strong performance in all three of the Company's business segments: successful home video and theatrical releases, higher theme park attendance and resort occupancy and increased merchandise licensing. Foreign-sourced revenues of $1.5 billion accounted for 19% of total revenues compared with 21% or $1.3 billion in 1991.

Operating income increased 31% to $1.4 billion from $1.1 billion in 1991. The increase resulted primarily from the success of home video release of library product and strong performances from certain theatrical releases. Consumer Products operating income grew as a result of continued demand for Disney licensed products in worldwide markets and the expansion of the Company's publishing business in Europe. Theme Parks and Resorts results reflected increased park attendance and sharply higher occupied room nights at the Florida resorts.

Net income for 1992 increased to $816.7 million or 28% over 1991 while earnings per share of $1.52 increased 27% over the $1.20 reported in 1991. (Earnings per share amounts reflected the Company's four-for-one stock split in April 1992.) (See Note 9 to Consolidated Financial Statements.)

Theme Parks and Resorts

1993 vs. 1992: Revenues for 1993 of $3.4 billion were 4% higher than 1992. This increase was primarily attributable to higher per capita spending at the theme parks and the increased number of occupied rooms at the Florida resorts. Total attendance was flat with the prior year, as the impact of the opening of Mickey's Toontown at Disneyland and the Splash Mountain attraction at Tokyo Disneyland was offset by weakness in the international tourism market at Walt Disney World due to the poor European economy. Per

capita spending was higher than the prior year period due to price increases. The increase in occupied rooms resulted from the absorption of additional capacity from the Dixie Landings resort.

Operating income of $746.9 million in 1993 was 16% higher than the $644.0 million generated in the prior year. The increase was driven by increased per capita spending at the parks, the increased number of occupied rooms and higher room rates at the Florida resorts and continued development and sales of ownership interests at the Disney Vacation Club. Decreased current year development spending at Walt Disney Imagineering and increased royalties at Tokyo Disneyland also contributed to higher operating income. Year-over-year comparisons were also positively impacted by the prior-year charge relating to the termination of the lease on the Queen Mary hotel and attraction.

1992 vs. 1991: Revenues of $3.3 billion increased 18% from $2.8 billion in 1991. Results reflected increased theme park attendance and higher per capita spending primarily due to price increases. An increase in occupied room nights at the Florida resorts, primarily due to additional capacity from the opening of the 1,008-room Port Orleans resort in May 1991 and the 2,048-room Dixie Landings resort in February 1992, also contributed to the increase in revenues.

Operating income increased 18% to $644.0 million from the $546.6 million achieved in the prior year. Increased attendance, driven by the 20th Anniversary Celebration at the Magic Kingdom in the Walt Disney World Resort, sharply higher occupied room nights and increased resort occupancy, contributed to the increase in 1992. Partially offsetting these results were higher design and development costs. Additionally, results reflected a charge relating to the termination of the lease on the Queen Mary hotel and attraction and expenses for the 20th Anniversary Celebration.

1992 attendance at Tokyo Disneyland did not change significantly from 1991 levels.

Filmed Entertainment

1993 vs. 1992: Revenues of $3.7 billion were 18% higher and operating income of $622.2 million was 22% higher in 1993 than the $3.1 billion and the $508.3 million, respectively, reported in 1992. Operating income benefited primarily from the growth in home video and international theatrical and television distribution. Successful home video releases in 1993 included *Beauty and the Beast* and *Pinocchio* domestically and *Beauty and the Beast* and *Cinderella* internationally. Theatrical revenues and operating income in 1993 were driven by the worldwide release of *Aladdin* (excluding Europe) and the international release of *Beauty and the Beast, Sister Act* and *The Jungle Book,* offset by the disappointing domestic theatrical performances of certain live-action releases. Pay television and worldwide syndication revenues and operating income were also higher, reflecting increased activity as more product was made available to those markets. Results also included the positive impact of continued growth in The Disney Channel subscriber base.

1992 vs. 1991: Revenues of $3.1 billion increased 20% from $2.6 billion in 1992, reflecting the worldwide success of the Company's animated products in home video, theatrical and television markets. Significant home video sell-through releases in 1992 included *Fantasia* worldwide and *101 Dalmatians, The Rescuers* and *The Great Mouse Detective* domestically. Theatrical revenues in 1992 were driven by the worldwide release of *Beauty and the Beast, Father of the Bride* and *The Hand That Rocks the Cradle.* Also included were the successful releases of *Sister Act* domestically and *Rescuers Down Under* and *Snow White* internationally. Domestic television revenues reflected the continued growth in network television and syndication.

Operating income increased 60% to $508.3 million from the $318.1 million generated in the prior year. Results benefited primarily from the success of the home video release of the library titles *Fantasia* and *101 Dalmatians.* Library titles generate higher operating margins because most production and distribution costs have already been amortized. Improved domestic theatrical results reflected the successes of *Beauty and the Beast, Sister Act* and *The Hand That Rocks the Cradle.* Higher domestic syndication television sales and continuing subscriber growth at The Disney Channel also contributed to the growth in operating income. Partially offsetting these results were the disappointing domestic theatrical performances of certain other live-action releases.

Consumer Products

1993 vs. 1992: Revenues of $1.4 billion were 31% higher than the $1.1 billion generated in 1992. Increased revenues reflected the impact of the worldwide expansion of The Disney Stores from 177 to 239 in

1993 and substantial same store sales increases, combined with higher revenues in domestic licensing, publications and records and audio entertainment. Licensing activity in Europe and the Asia/Pacific region, in addition to increased catalog circulation, also contributed to the growth.

Operating income of $355.4 million was 26% greater than the $283.0 million generated in the prior year. Strong sales of *Aladdin* and *Beauty and the Beast* merchandise contributed to the growth in operating income generated by domestic publications, records and audio entertainment and The Disney Stores domestically. Additionally, increased sales of both film and standard character properties contributed to the favorable results in domestic and international licensing. Start-up costs associated with international expansion of The Disney Stores negatively impacted results.

1992 vs. 1991: Revenues of $1.1 billion increased 49% from $724.0 million in 1991. At September 30, 1992, there were 177 Disney Stores compared to 113 a year earlier. The expansion of The Disney Stores, together with the continued strength of domestic licensed product sales in apparel, toys and publications and growth in European businesses, contributed significantly to the increase in worldwide revenues.

Operating income increased 23% to $283.0 million from the $229.8 million generated in the prior year. Strong sales of *The Little Mermaid*, *101 Dalmatians* and *Beauty and the Beast* merchandise contributed to the growth in operating income in 1992. As expected, operating margins declined, reflecting further expansion into lower margin businesses of direct publishing, catalog merchandising and The Disney Stores. Start-up costs associated with new initiatives in publishing negatively impacted results.

Corporate Activities
General and Administrative Expenses

1993 vs. 1992: General and administrative expenses for 1993 were $164.2 million, representing an 11% increase from the 1992 total of $148.2 million. While Corporate general and administrative expenses remained virtually flat, the increase reflected higher operating losses at Hollywood Records in contrast to the prior year which reflected the success of the *Queen* catalog.

1992 vs. 1991: General and administrative expenses for 1992 were $148.2 million, representing an 8% decrease from the 1991 total of $160.8 million. The decrease reflected reduced operating losses at Hollywood Records due to the success of the *Queen* catalog.

Investment and Interest Income and Interest Expense

1993 vs. 1992: Total investment and interest income for 1993 was $186.1 million, representing a 43% increase over the 1992 total of $130.3 million. The increase reflected higher investment balances, gains on termination of interest rate swap agreements and the favorable impact of leveraged leasing activities in the current year.

Interest expense increased 24% to $157.7 million in 1993, primarily due to the write-off of unamortized issuance costs on the Company's subordinated notes (which were redeemed during the year) and higher average borrowing balances, partially offset by the impact of lower average rates. The average borrowing rate decreased from 7.2% in 1992 to 6.9% in 1993. Capitalized interest, which reduces interest expense, was flat compared to the prior year.

1992 vs. 1991: Total investment and interest income for 1992 was $130.3 million, representing a 9% increase over the 1991 total of $119.4 million. The increase reflected the favorable impact of interest rate swaps and leveraged leasing activities in the current year, partially offset by prior year gains on sales of certain marketable securities.

Interest expense increased 21% to $126.8 million in 1992, primarily due to increased average borrowings. The average borrowing rate increased from 6.5% in 1991 to 7.2% in 1992. Capitalized interest, which reduces interest expense, decreased in 1992 due to the lower average balances on projects in progress, also contributing to the higher level of interest expense.

INVESTMENT IN EURO DISNEY

1993 VS. 1992: For the year, the Company's investment in Euro Disney resulted in a loss of $514.7 million, including the charge referred to below, after being partially offset by royalties and gain amortization related to the investment. The operating results of Euro Disney were lower than expected due in part to the European recession affecting Euro Disney's largest markets.

Euro Disney, its principal lenders and the Company are exploring a financial restructuring for Euro Disney. Throughout 1994, Euro Disney will require significant funding. The Company has agreed to help fund Euro Disney for a limited period, to afford Euro Disney time to attempt a financial restructuring, by spring 1994. Should the financial restructuring not be completed, Euro Disney would face a liquidity problem. The operating results for the fourth quarter and the year, and the need for a financial restructuring, created uncertainty regarding the Company's ability to collect its current receivables and the funding commitment to Euro Disney. Because of this, the Company recorded a charge of $350.0 million in the fourth quarter to fully reserve its current receivables and funding commitment.

In 1992, the Company's investment in Euro Disney contributed income of $11.2 million. Although Euro Disney incurred a loss for 1992, the Company's 49% share of the net loss was offset by royalties and gain amortization related to its investment.

1992 VS. 1991: The Euro Disney resort, under construction since 1987, commenced operations on April 12, 1992. The Company's investment in Euro Disney contributed income of $11.2 million in 1992 compared to income from the investment of $63.8 million in 1991. Although Euro Disney incurred a loss for fiscal 1992, the Company's equity share of the net loss was offset by royalties and gain amortization related to its investment. Income from the investment in 1991 represented the Company's equity share of interest earnings and gain amortization.

LIQUIDITY AND CAPITAL RESOURCES

The Company generates significant cash from operations. Cash flow from operating activities amounted to $2.1 billion in 1993, an increase of 17% over 1992. In addition, during fiscal 1993, the Company raised approximately $400 million from the issuance of senior participating notes with interest partially tied to the performances of live-action feature films, $300 million from the issuance of 100-year senior debentures and $231 million from the issuance of medium-term notes.

In 1993, the Company used $1 billion of funds to redeem the Company's zero coupon subordinated notes and $173 million of funds to settle matured medium-term notes. In addition, the Company used $794 million to further develop the theme parks and new resort properties, primarily construction in process on Disney's Wilderness Lodge, Disney's All Star Resorts and the Twilight Zone Tower of Terror attraction at Walt Disney World and completion of Mickey's Toontown at Disneyland. The Company also used $1.3 billion of funds in development and production of film and television properties. In previous years, a portion of the funding for film production was generated by off-balance-sheet financing.

The Company's financial condition remains strong and the Company has the resources necessary to meet future anticipated funding requirements. In addition to cash flow from operations, the Company has sufficient unused debt capacity, including an unused $300 million line of credit, to finance its ongoing capital investment program and to take advantage of internal and external development and acquisition opportunities.

In order to reduce the Company's exposure to risks from foreign currency and interest rate fluctuations, management has adopted an extensive hedging program and it continually monitors the status of its hedging activities. (See Notes 1, 2 and 5 to Consolidated Financial Statements.)

CONSOLIDATED STATEMENT OF INCOME

(IN MILLIONS, EXCEPT PER SHARE DATA)

YEAR ENDED SEPTEMBER 30	1993	1992	1991
REVENUES			
THEME PARKS AND RESORTS	$3,440.7	$3,306.9	$2,794.3
FILMED ENTERTAINMENT	3,673.4	3,115.2	2,593.7
CONSUMER PRODUCTS	1,415.1	1,081.9	724.0
	8,529.2	7,504.0	6,112.0
COSTS AND EXPENSES			
THEME PARKS AND RESORTS	2,693.8	2,662.9	2,247.7
FILMED ENTERTAINMENT	3,051.2	2,606.9	2,275.6
CONSUMER PRODUCTS	1,059.7	798.9	494.2
	6,804.7	6,068.7	5,017.5
OPERATING INCOME			
THEME PARKS AND RESORTS	746.9	644.0	546.6
FILMED ENTERTAINMENT	622.2	508.3	318.1
CONSUMER PRODUCTS	355.4	283.0	229.8
	1,724.5	1,435.3	1,094.5
CORPORATE ACTIVITIES			
GENERAL AND ADMINISTRATIVE EXPENSES	164.2	148.2	160.8
INTEREST EXPENSE	157.7	126.8	105.0
INVESTMENT AND INTEREST INCOME	(186.1)	(130.3)	(119.4)
	135.8	144.7	146.4
INCOME (LOSS) FROM INVESTMENT IN EURO DISNEY	(514.7)	11.2	63.8
INCOME BEFORE INCOME TAXES AND CUMULATIVE EFFECT OF ACCOUNTING CHANGES	1,074.0	1,301.8	1,011.9
INCOME TAXES	402.7	485.1	375.3
INCOME BEFORE CUMULATIVE EFFECT OF ACCOUNTING CHANGES	671.3	816.7	636.6
CUMULATIVE EFFECT OF ACCOUNTING CHANGES			
PRE-OPENING COSTS	(271.2)	–	–
POSTRETIREMENT BENEFITS	(130.3)	–	–
INCOME TAXES	30.0	–	–
NET INCOME	$ 299.8	$ 816.7	$ 636.6
AMOUNTS PER COMMON SHARE			
EARNINGS BEFORE CUMULATIVE EFFECT OF ACCOUNTING CHANGES	$ 1.23	$ 1.52	$ 1.20
CUMULATIVE EFFECT OF ACCOUNTING CHANGES			
PRE-OPENING COSTS	(.50)	–	–
POSTRETIREMENT BENEFITS	(.24)	–	–
INCOME TAXES	.06	–	–
EARNINGS PER SHARE	$ .55	$ 1.52	$ 1.20
AVERAGE NUMBER OF COMMON AND COMMON EQUIVALENT SHARES OUTSTANDING	544.5	536.8	532.7
PRO FORMA AMOUNTS ASSUMING THE NEW ACCOUNTING METHOD FOR PRE-OPENING COSTS IS APPLIED RETROACTIVELY			
NET INCOME	$ 571.0	$ 672.7	$ 564.8
EARNINGS PER SHARE	$ 1.05	$ 1.25	$ 1.06

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

(IN MILLIONS)

SEPTEMBER 30	1993	1992
ASSETS		
Cash and cash equivalents	$ 363.0	$ 764.8
Investments	1,888.5	1,407.0
Receivables	1,390.3	1,179.3
Merchandise inventories	608.9	462.8
Film and television costs	1,360.9	760.5
Theme parks, resorts and other property, at cost		
Attractions, buildings and equipment	6,732.1	6,285.3
Accumulated depreciation	(2,286.4)	(1,999.6)
	4,445.7	4,285.7
Projects in progress	688.2	440.1
Land	94.3	72.9
	5,228.2	4,798.7
Investment in and advances to Euro Disney	—	659.1
Other assets	911.3	829.5
	$11,751.1	$10,861.7
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable and other accrued liabilities	$ 2,530.1	$ 1,791.9
Income taxes payable	291.0	381.0
Borrowings	2,385.8	2,222.4
Unearned royalty and other advances	840.7	872.8
Deferred income taxes	673.0	889.0
Stockholders' equity		
Preferred stock, $.10 par value		
Authorized–100.0 million shares		
Issued–none		
Common stock, $.025 par value		
Authorized–1.2 billion shares		
Issued–564.6 million shares and 552.2 million shares	876.4	619.9
Retained earnings	4,833.1	4,661.9
Cumulative translation adjustments	36.7	86.9
	5,746.2	5,368.7
Less treasury stock, at cost–29.1 million shares and 27.8 million shares	715.7	664.1
	5,030.5	4,704.6
	$11,751.1	$10,861.7

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENT OF CASH FLOWS

(IN MILLIONS)

YEAR ENDED SEPTEMBER 30	1993	1992	1991
CASH PROVIDED BY OPERATIONS BEFORE INCOME TAXES	$ 2,453.9	$ 2,132.0	$ 1,757.9
INCOME TAXES PAID	(308.7)	(293.9)	(261.2)
	2,145.2	1,838.1	1,496.7
INVESTING ACTIVITIES			
THEME PARKS, RESORTS AND OTHER PROPERTY, NET	793.7	544.4	924.6
FILM AND TELEVISION COSTS	1,264.6	606.0	486.8
EURO DISNEY INVESTMENT AND ADVANCES	140.1	68.3	50.6
INVESTMENTS, NET	481.5	624.5	194.3
OTHER	(20.2)	80.5	70.0
	2,659.7	1,923.7	1,726.3
FINANCING ACTIVITIES			
BORROWINGS	1,256.0	182.8	641.9
REDUCTION OF BORROWINGS	(1,119.2)	(184.6)	(124.6)
REPURCHASES OF COMMON STOCK	(31.6)	—	(181.1)
CASH DIVIDENDS	(128.6)	(105.3)	(87.2)
OTHER	136.1	71.4	46.9
	112.7	(35.7)	295.9
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(401.8)	(121.3)	66.3
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	764.8	886.1	819.8
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 363.0	$ 764.8	$ 886.1

THE DIFFERENCE BETWEEN INCOME BEFORE INCOME TAXES AND CUMULATIVE EFFECT OF ACCOUNTING CHANGES AS SHOWN ON THE CONSOLIDATED STATEMENT OF INCOME AND CASH PROVIDED BY OPERATIONS BEFORE INCOME TAXES IS EXPLAINED AS FOLLOWS.

INCOME BEFORE INCOME TAXES AND CUMULATIVE EFFECT OF ACCOUNTING CHANGES	$ 1,074.0	$1,301.8	$1,011.9
CUMULATIVE EFFECT OF ACCOUNTING CHANGES	(514.2)	—	—
CHARGES TO INCOME NOT REQUIRING CASH OUTLAYS			
DEPRECIATION	364.2	317.3	263.5
AMORTIZATION OF FILM AND TELEVISION COSTS	664.2	442.3	531.0
EURO DISNEY	350.0	—	—
OTHER	163.5	155.4	29.7
CHANGES IN			
RECEIVABLES	(211.0)	(161.5)	(266.8)
MERCHANDISE INVENTORIES	(146.1)	(151.2)	(42.4)
PREPAID EXPENSES AND OTHER ASSETS	197.0	(121.3)	(46.9)
ACCOUNTS PAYABLE AND OTHER ACCRUED LIABILITIES	544.4	335.9	280.1
UNEARNED ROYALTY AND OTHER ADVANCES	(32.1)	13.3	(2.2)
	1,379.9	830.2	746.0
CASH PROVIDED BY OPERATIONS BEFORE INCOME TAXES	$ 2,453.9	$2,132.0	$1,757.9
SUPPLEMENTAL CASH FLOW INFORMATION:			
INTEREST PAID	$ 77.3	$ 62.5	$ 32.4

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Tabular dollars in millions, except per share amounts)

NOTE 1 DESCRIPTION OF THE BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Walt Disney Company, together with its subsidiary companies (the "Company"), is a diversified international entertainment company with operations in the following businesses.

THEME PARKS AND RESORTS: The Company owns and operates the Disneyland® theme park and Disneyland Hotel in California and the Walt Disney World® destination resort in Florida. The Walt Disney World destination resort includes the Magic Kingdom, Epcot Center, the Disney-MGM Studios Theme Park, nine hotels and a complex of villas, a nighttime entertainment complex, a shopping village, conference centers, campgrounds, golf courses, water parks and other recreational facilities. The Company earns royalties on certain revenues generated by the Tokyo Disneyland theme park near Tokyo, Japan, which is owned and operated by an unrelated Japanese corporation. The Company's Disney Design and Development unit designs and develops new theme park concepts and attractions, as well as resort properties. The Company also manages and markets vacation ownership interests in the 529-unit Disney Vacation Club under construction at Lake Buena Vista in Florida. In addition, during 1993, the Company acquired property in Vero Beach, Florida on which it plans to construct a 120-room inn and 60 time-share vacation villas.

FILMED ENTERTAINMENT: The Company produces and acquires live-action and animated motion pictures for distribution to the theatrical, television and home video markets. The Company also produces original television programming for the network and first-run syndication markets. The Company distributes its filmed product through its own distribution and marketing companies in the United States and most foreign markets. The Company provides programming for and operates The Disney Channel, a pay television programming service, and a Los Angeles television station.

CONSUMER PRODUCTS: The Company licenses the name Walt Disney, its characters, visual and literary properties and songs and music to various consumer manufacturers, retailers and publishers. The Company produces audio and computer software for the children's market, as well as film and video products for the educational market. The Company also operates several catalog businesses primarily for the children's market. Licensed products are distributed throughout the world.

The Company also has direct publishing operations in the United States in both the children's and adult markets, and in Europe primarily in the children's market. In addition, the Company owns and operates The Disney Stores, which are retail outlets for the Company's merchandise, in selected markets throughout the United States and in Great Britain, Japan, Canada, Puerto Rico and France.

INVESTMENT IN EURO DISNEY: The Company is an equity investor in the Euro Disney Resort (see Note 3).

SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation: The consolidated financial statements of the Company include the accounts of The Walt Disney Company and its subsidiaries after elimination of intercompany accounts and transactions. Investments in affiliated companies are accounted for using the equity method.

Revenue Recognition: Revenues from the theatrical distribution of motion pictures are recognized when motion pictures are exhibited. Television licensing revenues are generally recorded when the program material is available for telecasting by the licensee and when certain other conditions are met. Revenues from video sales are recognized on the date that video units are made widely available for sale by retailers.

Revenues from participants/sponsors at the theme parks are generally recorded over the period of the applicable agreements commencing with the opening of the attraction.

Cash, Cash Equivalents and Investments: Cash and cash equivalents consist of cash on hand and marketable securities with original maturities of three months or less.

Debt securities are carried at cost, adjusted for unamortized premium or discount. Marketable equity securities are carried at the lower of aggregate cost or market. Realized gains and losses are determined on an average cost basis.

Merchandise Inventories: Carrying amounts of merchandise, materials and supplies inventories are generally determined on a moving average cost basis and are stated at the lower of cost or market.

Film and Television Costs: Film production and participation costs for each production are expensed based on the ratio of the current period's gross revenues to estimated total gross revenues from all sources on an individual production basis. Estimates of total gross revenues are reviewed periodically and amortization is adjusted accordingly.

Television broadcast rights are amortized principally on an accelerated basis over the estimated useful lives of the programs.

Theme Parks, Resorts and Other Property: Theme parks, resorts and other property are carried at cost. Depreciation is computed on the straight-line method based upon estimated useful lives ranging from three to fifty years.

Other Assets: Rights to the name, likeness and portrait of Walt Disney, goodwill and other intangible assets are being amortized over periods ranging from two to forty years.

Hedging Contracts: In the normal course of business, the Company employs a variety of off-balance-sheet financial instruments to reduce its exposure to fluctuations in interest and foreign currency exchange rates, including interest rate swap agreements and foreign currency forward exchange contracts, options and option combinations. The Company designates interest rate swaps as hedges of investments and debt, and accrues the differential to be paid or received under the agreements as interest rates change over the lives of the contracts. Gains and losses arising from foreign currency forward exchange contracts and options are recognized in income as offsets of gains and losses resulting from the underlying hedged transactions.

At September 30, 1993 and 1992, the Company had $2.0 billion and $2.2 billion (notional amount), respectively, of foreign currency hedge contracts outstanding, consisting principally of option strategies providing for the sale of foreign currencies. The contracts serve primarily to hedge probable, but not firmly committed, French franc, German mark, Japanese yen and other foreign currency revenues over periods extending up to five years. The fair value of foreign currency hedge contracts, determined by obtaining quotes from brokers, was immaterial at September 30, 1993.

The Company continually monitors its positions with, and the credit quality of, the financial institutions which are counterparties to its off-balance-sheet financial instruments and does not anticipate nonperformance by the counterparties.

Earnings Per Share: Earnings per share amounts are based upon the weighted average number of common and common equivalent shares outstanding during the year. Common equivalent shares are excluded from the computation in periods in which they have an anti-dilutive effect.

Accounting Changes: During the quarter ended June 30, 1993, the Company adopted SFAS No. 106 *Employers' Accounting for Postretirement Benefits Other Than Pensions* (see Note 8) and SFAS No. 109 *Accounting for Income Taxes* (see Note 7) and changed its method of accounting for pre-opening costs (see Note 12). These changes, adopted retroactive to October 1, 1992, had no cash impact.

The pro forma amounts reflect the effect of retroactive application of expensing pre-opening costs on 1992 and 1991 results.

Reclassifications: Certain reclassifications have been made in the 1992 and 1991 financial statements to conform to the 1993 presentation.

NOTE 2 CASH, CASH EQUIVALENTS AND INVESTMENTS

At September 30, 1993, the cost and market value of marketable equity securities were $314.1 million and $329.4 million, respectively. At September 30, 1992, the cost and market value of marketable equity securities were $186.6 million and $205.3 million, respectively. For both 1993 and 1992, cost approximated market value for marketable securities other than marketable equity securities.

At September 30, 1993 and 1992, interest rate swap agreements related to certain foreign currency denominated investments converted $356.5 million and $244.7 million, respectively, of fixed rate securities to variable rate investments. At September 30, 1993, the Company received interest under these agreements at the three- or six-month lira LIBOR rate and paid interest at a weighted average rate of 10.8%. The agreements expire in two to eight years.

At September 30, 1993 and 1992, the Company had outstanding interest rate swaps on its investments with notional amounts totaling $350.0 million and $600.0 million, respectively, which effectively converted variable rate investment securities to fixed rate instruments. Under these swap agreements, which expire in two to three years, the Company received interest at a weighted average fixed rate of 8.4% and paid interest at the one-month commercial paper rate at September 30, 1993.

The carrying amount of cash and cash equivalents approximated fair value because of the short maturity of these instruments.

The fair values of debt and equity securities were based primarily on quoted market prices for those or similar instruments. The fair value of interest rate swaps was the estimated amount that the Company would receive or pay to terminate the swap agreements, taking into account current interest rates and the current creditworthiness of the swap counterparties. The fair value of investments and related interest rate swaps approximated carrying value as of September 30, 1993.

NOTE 3 INVESTMENT IN EURO DISNEY

Euro Disney S.C.A. ("Euro Disney"), a publicly traded French company, operates a theme park and resort complex on a 4,800-acre site near Paris, France. Euro Disney commenced operations on April 12, 1992.

The Company has accounted for its 49% ownership interest in Euro Disney using the equity method of accounting.

In October 1989, Euro Disney completed a public equity offering of approximately $1 billion. As a result of the offering, the Company's share of the net assets of Euro Disney exceeded its investment by approximately $375 million. The Company is recognizing this gain ratably over an eight-year period, which represents the Company's contractual obligation to manage the development and operation of the complex and maintain an ownership interest of at least 17%.

In addition to recording its equity in Euro Disney's operating results and amortization of the gain, the Company earned $36.3 million and $32.9 million of royalties in 1993 and 1992, respectively, under certain agreements with Euro Disney. The Company agreed to defer its base management fees for 1992 and 1993. Payment of the deferred amounts will be contingent upon Euro Disney achieving profitability.

Euro Disney, its principal lenders and the Company are exploring a financial restructuring for Euro Disney. Throughout fiscal 1994, Euro Disney will require significant funding. The Company has agreed to help fund Euro Disney for a limited period, to afford Euro Disney time to attempt a financial restructuring, by spring 1994. Should the financial restructuring not be completed, Euro Disney would face a liquidity problem. Additionally, during the fourth quarter, Euro Disney's operating results were lower than expected due in part to the European recession affecting Euro Disney's largest markets. The operating results and the need for a financial restructuring have created uncertainty regarding the Company's ability to collect its current receivables and the funding commitment to Euro Disney. Because of this, the Company recorded a $350.0 million charge to income in the fourth quarter to fully reserve its current receivables and funding commitment.

Euro Disney's consolidated financial statements are prepared in accordance with accounting principles generally accepted in France (French GAAP). Under French GAAP, Euro Disney incurred a 1993 net loss of FF 5.3 billion (FF 2.1 billion before the cumulative effect of accounting change), a net loss of FF 188 million in 1992 and net income of FF 249 million in 1991. During 1993, Euro Disney changed its method of accounting for project-related pre-opening costs. Under the new method, such costs are expensed as incurred. The cumulative effect of the change in method on prior years was a charge against income of FF 3.2 billion. The effect of the change on the year ended September 30, 1993, was to decrease the loss before the cumulative effect of accounting change by FF 338 million.

U.S. generally accepted accounting principles (U.S. GAAP) differ in certain significant respects from French GAAP applied by Euro Disney, principally as they relate to accounting for leases. The summarized consolidated financial statements for Euro Disney set forth below are stated in U.S. dollars in accordance with U.S. GAAP.

BALANCE SHEET	1993	1992
CASH AND INVESTMENTS	$ 211	$ 479
RECEIVABLES	268	459
FIXED ASSETS, NET	3,704	4,346
OTHER ASSETS	214	873
TOTAL ASSETS	$4,397	$6,157
ACCOUNTS PAYABLE AND OTHER LIABILITIES	$ 647	$ 797
BORROWINGS	3,683	3,960
COMMON STOCK	1,042	1,042
RETAINED EARNINGS (DEFICIT)	(975)	358
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$4,397	$6,157

STATEMENT OF OPERATIONS	1993	1992	1991
REVENUES	$ 873	$ 738	$ –
COSTS AND EXPENSES	1,114	808	–
OPERATING LOSS	(241)	(70)	–
NET INTEREST INCOME (EXPENSE)	(287)	(95)	76
INCOME (LOSS) BEFORE INCOME TAXES AND CUMULATIVE EFFECT OF ACCOUNTING CHANGE	(528)	(165)	76
INCOME TAXES	–	30	(28)
INCOME (LOSS) BEFORE CUMULATIVE EFFECT OF ACCOUNTING CHANGE	(528)	(135)	48
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING FOR PRE-OPENING COSTS	(578)	–	–
NET INCOME (LOSS)	$(1,106)	$(135)	$ 48
PRO FORMA AMOUNT ASSUMING THE CHANGE IN ACCOUNTING METHOD IS APPLIED RETROACTIVELY	$ (528)	$(418)	$(87)

NOTE 4 FILM AND TELEVISION COSTS

	1993	1992
THEATRICAL FILM COSTS		
RELEASED, LESS AMORTIZATION	$ 329.0	$ 64.8
IN PROCESS	548.5	209.1
	877.5	273.9
TELEVISION COSTS		
RELEASED, LESS AMORTIZATION	230.0	190.4
IN PROCESS	130.1	131.0
	360.1	321.4
TELEVISION BROADCAST RIGHTS	123.3	165.2
	$1,360.9	$760.5

Based on management's total gross revenue estimates as of September 30, 1993, approximately 84% of unamortized film production costs applicable to released theatrical and television productions are expected to be amortized during the next three years.

NOTE 5 BORROWINGS

	EFFECTIVE INTEREST RATE	FISCAL YEAR MATURITY	1993	1992
SUBORDINATED NOTES (A)	–%		$ –	$1,041.4
MEDIUM-TERM NOTES (B)	4.8	1994-2093	783.7	426.0
COMMERCIAL PAPER (C)	3.4	1994	520.0	181.4
SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE (D)	8.1	1994	437.5	231.2
SENIOR PARTICIPATING NOTES (E)	2.9	2000	312.5	–
OTHER (F)	8.5	1994-2013	332.1	342.4
	5.4%		$2,385.8	$2,222.4

(A) In March 1993, the Company called the subordinated notes at their issuance price plus accrued interest for an aggregate redemption price of $1 billion. The redemption was funded by issuance of medium-term notes and sales of securities.

(B) The Company has executed interest rate swap agreements to convert $464 million of medium-term notes to commercial paper-based floating rate instruments. The effect of these swaps has been reflected in the effective interest rate.

(C) The Company has available through 1996 an unsecured revolving line of bank credit of up to $300 million for general corporate purposes, including the support of commercial paper borrowings. The Company has the option to borrow at various interest rates.

(D) Securities sold under agreements to repurchase are collateralized by certain marketable securities.

(E) The notes pay fixed interest of 7.5% through April 1994 and 1.5% thereafter. Additional interest may be paid based on the performance of a designated portfolio of films. The Company has executed interest rate swap agreements to convert the notes to LIBOR-based floating rate instruments. The effect of these swaps has been reflected in the effective interest rate.

(F) Foreign currency swaps effectively converted $120 million and $137 million at September 30, 1993 and 1992, respectively, of foreign debt issuances to Japanese yen or dollar obligations. The effect of these swaps has been reflected in the effective interest rate. The Company hedges the obligations converted to yen borrowings with a portion of its yen royalty receipts.

Borrowings, excluding commercial paper and securities sold under agreements to repurchase which mature in 1994, have the following scheduled maturities.

1994	$297.8
1995	133.1
1996	116.1
1997	108.0
1998	117.5

For commercial paper and securities sold under agreements to repurchase, the carrying amount is a reasonable estimate of fair value. The fair value of other borrowings and associated interest rate swaps approximated carrying value at September 30, 1993. The fair value of the Company's other borrowings is based on quoted market prices for the same or similar issues or on current rates offered to the Company for the same remaining maturities. The fair value of interest rate swaps is the estimated amount that the Company would receive or pay to terminate the swap agreements, taking into account current interest rates and the current creditworthiness of the swap counterparties.

The Company capitalizes interest on assets constructed for its theme parks, resorts and other developments, and on theatrical and television productions in process. In 1993, 1992 and 1991, respectively, total interest costs incurred were $183.7, $152.1 and $142.4 million, of which $26.0, $25.3 and $37.4 million were capitalized.

NOTE 6 UNEARNED ROYALTY AND OTHER ADVANCES

	1993	1992
TOKYO DISNEYLAND ROYALTY ADVANCES	$490.9	$522.3
OTHER	349.8	350.5
	$840.7	$872.8

In 1988, the Company monetized a substantial portion of its royalties through 2008 from certain Tokyo Disneyland operations. The Company has certain ongoing obligations under its contract with the owner and operator of Tokyo Disneyland, and accordingly royalty advances are being amortized through 2008. The maximum amount the Company may be required to fund under certain recourse provisions of the monetization agreement is $145 million. The Company does not anticipate funding any significant amount under this agreement.

NOTE 7 INCOME TAXES

	1993	1992	1991
Income Before Income Taxes and cumulative effect of accounting changes			
Domestic (including U.S. exports)	$ 931.4	$1,178.9	$ 945.8
Foreign subsidiaries	142.6	122.9	66.1
	$1,074.0	$1,301.8	$1,011.9
Income Tax Provision			
Current			
Federal	$ 217.3	$ 225.8	$ 241.7
State	47.1	40.3	34.0
Foreign subsidiaries	63.3	46.1	30.5
Other foreign	65.1	48.3	44.5
	392.8	360.5	350.7
Deferred			
Federal	17.0	109.9	10.5
State	(7.1)	14.7	14.1
	9.9	124.6	24.6
	$ 402.7	$ 485.1	$ 375.3

Components of Deferred Tax Assets and Liabilities	1993
Deferred tax assets:	
Accrued liabilities	$ (142.3)
Investment in Euro Disney	(204.6)
State income taxes	(71.4)
Pension and other benefit programs	(27.0)
Total deferred tax assets	(445.3)
Deferred tax liabilities:	
Property and equipment	753.6
Licensing revenues capitalized	65.7
Interest and property taxes	52.8
Purchase accounting adjustments	51.0
Leveraged leases	111.5
Other	33.9
Total deferred tax liabilities	1,068.5
Net deferred tax liability before valuation allowance	623.2
Valuation allowance	49.8
Net deferred tax liability	$ 673.0

Reconciliation of Effective Income Tax Rate	1993	1992	1991
Federal income tax rate	34.8%	34.0%	34.0%
State income taxes, net of federal income tax benefit	2.2	2.8	3.3
Effect of increase in statutory tax rate on deferred taxes	1.6	—	—
Other	(1.1)	0.5	(0.2)
	37.5%	37.3%	37.1%

As discussed in Note 1, the Company adopted SFAS 109 during the quarter ended June 30, 1993, retroactive to October 1, 1992. The adoption of SFAS 109 changed the Company's method of accounting for income taxes from the deferred method to the asset and liability method. SFAS 109 requires recognition of deferred tax liabilities and assets for the expected future tax consequences of events that have been recognized in the financial statements or tax returns. Under this method, deferred tax liabilities and assets are determined based on the difference between the financial statement carrying amounts and tax bases of assets and liabilities using enacted tax rates in effect in the years in which the differences are expected to reverse. Differences between financial reporting and tax bases arise most frequently from differences in timing of income and expense recognition and as a result of business acquisitions. Prior years' financial statements have not been restated to apply the provisions of SFAS 109.

As a result of adoption, the Company recognized a benefit of $30.0 million, or $.06 per share, representing the cumulative effect of the change on results for years prior to October 1, 1992. The cumulative effect represented the adjustment of previously recorded deferred tax assets and liabilities to reflect the lower prevailing tax rates and the establishment of previously unrecorded deferred tax liabilities. The adoption had no effect on pre-tax income for the year ended September 30, 1993.

For the year ended September 30, 1993, income tax benefits of $144.7 million were allocated to stockholders' equity. Such benefits are attributable to employee stock option transactions.

NOTE 8 PENSION AND OTHER BENEFIT PROGRAMS

The Company contributes to various pension plans under union and industry-wide agreements. Contributions are based upon the hours worked or gross wages paid to covered employees. In 1993, 1992 and 1991, the cost recognized under these plans was $16.1, $14.7 and $12.9 million, respectively. The Company's share of the unfunded liability, if any, related to these multi-employer plans is not material.

The Company also maintains pension plans covering most of its domestic salaried and hourly employees not covered by union or industry-wide pension plans and a non-qualified, unfunded retirement plan for key employees.

With respect to its defined benefit pension plans, the Company's policy is to fund, at a minimum, the amount necessary on an actuarial basis to provide for benefits in accordance with the requirements of ERISA. Benefits are generally based on years of service and/or compensation.

Pension cost is summarized as follows.

	1993	1992	1991
SERVICE COST OF CURRENT PERIOD	$ 29.5	$ 23.1	$ 18.9
INTEREST COST ON PROJECTED BENEFIT OBLIGATIONS	31.0	25.9	21.5
GAIN ON PLAN ASSETS	(54.7)	(43.3)	(18.2)
NET AMORTIZATION AND DEFERRAL OF UNRECOGNIZED GAIN ON PLAN ASSETS	26.2	19.1	(1.4)
NET PENSION COST	$ 32.0	$ 24.8	$ 20.8

The weighted average discount rate was 9% for 1993 and 9.5% for 1992 and 1991, and the expected long-term rate of return on plan assets was 9.5% for 1993, 1992 and 1991. The assumed rate of increase in compensation for the salaried plans was 6.8% for 1993, 7% for 1992 and 6.6% for 1991.

The funded status of the plans and the amounts included in the Company's consolidated balance sheets are as follows.

	1993	1992
PLAN ASSETS AT FAIR VALUE, PRIMARILY PUBLICLY TRADED STOCKS AND BONDS	$ 428.9	$ 348.0
ACTUARIAL PRESENT VALUE OF PROJECTED BENEFIT OBLIGATIONS		
ACCUMULATED BENEFIT OBLIGATIONS		
VESTED	(344.6)	(279.8)
NON-VESTED	(23.0)	(20.1)
PROVISION FOR FUTURE SALARY INCREASES	(65.1)	(57.8)
DEFICIENCY IN PLAN ASSETS VERSUS PROJECTED BENEFIT OBLIGATIONS	(3.8)	(9.7)
UNRECOGNIZED NET LOSS	53.8	51.5
UNRECOGNIZED PRIOR SERVICE COST	3.2	3.4
UNRECOGNIZED NET OBLIGATION	4.0	4.2
PREPAID PENSION COST	$ 57.2	$ 49.4

The Company sponsors a plan to provide postretirement medical benefits to most of its domestic salaried and hourly employees, and contributes to multi-employer welfare plans to provide similar benefits to certain employees under collective bargaining agreements. Employees who have 20 years of service and attain age 62 are currently eligible to participate in the postretirement benefit plan.

As discussed in Note 1, the Company adopted SFAS 106 during the quarter ended June 30, 1993, retroactive to October 1, 1992. SFAS 106 requires accrual of postretirement benefit costs to actuarially allocate such costs to the years during which employees render qualifying service. Previously, such costs were expensed as actual claims were paid. SFAS 106 also requires recognition of the unfunded and previously unrecognized accumulated postretirement benefit obligation (transition obligation) for all participants in the Company-sponsored plan. The Company elected to immediately recognize the transition obligation which resulted in a charge against income of $130.3 million or $.24 per share, after related income tax benefit of $71.7 million, which represented the cumulative effect of the change in accounting on results prior to October 1, 1992. Under the provisions of SFAS 106, the current period expense exceeded the amount under the previous accounting method by $17.0 million after-tax or $.03 per share for the year ended September 30, 1993.

The status of the plan at September 30, 1993 was as follows.

	1993
ACTUARIAL PRESENT VALUE OF ACCUMULATED POSTRETIREMENT BENEFIT OBLIGATION	
RETIREES	$ 40.4
FULLY ELIGIBLE ACTIVE PLAN PARTICIPANTS	75.7
OTHER ACTIVE PLAN PARTICIPANTS	132.0
	248.1
PLAN ASSETS AT FAIR VALUE, PRIMARILY U.S. STOCKS AND BONDS	(66.8)
UNRECOGNIZED NET GAIN	30.2
ACCRUED POSTRETIREMENT BENEFIT COST	$211.5

The net periodic postretirement benefit cost for the year ended September 30, 1993 included the following components.

SERVICE COST — BENEFITS ATTRIBUTED TO SERVICE IN THE PERIOD	$13.9
INTEREST COST ON ACCUMULATED POSTRETIREMENT BENEFIT OBLIGATION	20.5
ACTUAL RETURN ON PLAN ASSETS	(4.6)
NET PERIODIC POSTRETIREMENT BENEFIT COST	$29.8

The annual rate of increase in the per capita cost of covered health care benefits was assumed to be 7%. The health care cost trend rate has a significant effect on the amounts reported. An increase in the assumed health care cost trend rate of 1% for each year would increase the postretirement benefit obligation by $53.3 million and the net service and interest cost components of the net periodic postretirement benefit cost for the year by $8.1 million.

The weighted average discount rate used in determining the accumulated postretirement benefit obligation was 8.5%. The expected long term rate of return on plan assets was 9.5%.

The Company funds its postretirement health benefit liability on a discretionary basis.

In November 1992, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 112 *Employers' Accounting for Postemployment Benefits* (SFAS 112). The Company currently plans to adopt SFAS 112 in fiscal 1995 and does not anticipate the impact will be material.

NOTE 9 STOCKHOLDERS' EQUITY

(SHARES IN MILLIONS)	SHARES	COMMON STOCK	PAID-IN CAPITAL	RETAINED EARNINGS
BALANCE AT SEPTEMBER 30, 1990	546.9	$13.6	$489.2	$3,401.1
EXERCISE OF STOCK OPTIONS, NET	1.7	.1	46.8	
DIVIDENDS ($.1675 PER SHARE)				(87.2)
NET INCOME				636.6
BALANCE AT SEPTEMBER 30, 1991	548.6	13.7	536.0	3,950.5
EXERCISE OF STOCK OPTIONS, NET	3.6	.1	70.1	
DIVIDENDS ($.20125 PER SHARE)				(105.3)
NET INCOME				816.7
BALANCE AT SEPTEMBER 30, 1992	552.2	13.8	606.1	4,661.9
EXERCISE OF STOCK OPTIONS, NET	12.4	.3	256.2	
DIVIDENDS ($.24 PER SHARE)				(128.6)
NET INCOME				299.8
BALANCE AT SEPTEMBER 30, 1993	564.6	$14.1	$862.3	$4,833.1

On February 18, 1992, the Board of Directors approved a four-for-one stock split of the Company's common stock, which was approved by the Company's stockholders and became effective on April 20, 1992. The new shares were distributed on May 15, 1992 to holders of record on April 20, 1992. All share and per share data have been restated for all periods presented to reflect the stock split.

In June 1989, the Company adopted a stockholders' rights plan. The plan becomes operative in certain events involving the acquisition of 25% or more of the Company's common stock by any person or group in a transaction not approved by the Company's Board of Directors. Upon the occurrence of such an event, each right, unless redeemed by the Board, entitles its holder to purchase for $350 an amount of common stock of the Company, or in certain circumstances the acquiror, having a market value of twice the purchase price. In connection with the rights plan, 7.2 million shares of preferred stock were reserved.

In 1993 and 1992, the Company recorded cumulative foreign currency translation adjustments of $36.7 million and $86.9 million, net of deferred taxes of $25.0 million and $50.4 million, respectively.

Treasury stock activity for the three years ended September 30, 1993 was as follows.

(SHARES IN MILLIONS)	SHARES	TREASURY STOCK
BALANCE AT SEPTEMBER 30, 1990	19.9	$483.0
COMMON STOCK REPURCHASES	7.9	181.1
BALANCE AT SEPTEMBER 30, 1991 AND 1992	27.8	664.1
COMMON STOCK REPURCHASES	0.9	31.6
COMMON STOCK TRADE-INS ON EXERCISED OPTIONS	0.4	20.0
BALANCE AT SEPTEMBER 30, 1993	29.1	$715.7

In November 1984, the Company adopted a program to repurchase up to 56 million shares. In December 1990, the Company increased the authorized share repurchase amount to 90 million shares. Under this program, the Company repurchased 853,000 shares during the year ended September 30, 1993. Since adoption of the program, a total of 52.8 million shares have been repurchased at prevailing market prices.

NOTE 10 STOCK INCENTIVE PLANS

Under various plans, the Company may grant stock option and other awards to key executive, management and creative personnel. Transactions under the various stock option and incentive plans during 1993 were as follows.

(SHARES IN MILLIONS)	1993	1992	1991
OUTSTANDING AT BEGINNING OF YEAR	44.3	44.8	43.2
AWARDS CANCELLED	(1.1)	(1.2)	(0.7)
AWARDS GRANTED	5.6	4.3	4.0
AWARDS EXERCISED	(12.4)	(3.6)	(1.7)
OUTSTANDING AT SEPTEMBER 30	36.4	44.3	44.8
EXERCISABLE AT SEPTEMBER 30	13.4	18.8	17.8

Stock option awards are granted at prices equal to at least market price on the date of grant. Options outstanding at September 30, 1993 and 1992 ranged in price from $3.23 to $44.06 and $3.23 to $37.39 per share, respectively. Options exercised during the period ranged in price from $3.23 to $33.35 per share in 1993, from $3.23 to $32.66 per share in 1992, and from $3.14 to $30.75 per share in 1991. Shares available for future option grants at September 30, 1993 were 24.0 million.

NOTE 11 DETAIL OF CERTAIN BALANCE SHEET ACCOUNTS

	1993	1992
Receivables		
Trade, net of allowances	$1,180.7	$1,033.3
Other	209.6	146.0
	$1,390.3	$1,179.3
Other Assets		
Intangibles	$ 380.3	$ 384.5
Other	531.0	445.0
	$ 911.3	$ 829.5
Accounts Payable and Other Accrued Liabilities		
Accounts payable	$1,755.4	$1,382.4
Payroll and employee benefits	661.9	320.9
Other	112.8	88.6
	$2,530.1	$1,791.9

NOTE 12 PRE-OPENING COSTS

As discussed in Note 1, during 1993 the Company changed its method of accounting for pre-opening costs. In the past, project-related pre-opening costs were capitalized and amortized on a straight-line basis over periods of up to five years. Under the new method, project-related pre-opening costs are expensed as incurred. The cumulative effect of the change in method on prior years was a charge against income of $271.2 million, or $.50 per share, after related income tax benefit of $71.0 million, of which $233.0 million related to the impact of the accounting change on the Company's investment in Euro Disney. The effect of the change on the year ended September 30, 1993 was to increase income by $40.2 million after-tax, or $.07 per share.

NOTE 13 SEGMENTS

Business Segments	1993	1992	1991
Capital Expenditures			
Theme parks and resorts	$593.4	$380.9	$790.1
Filmed entertainment	130.2	76.7	50.1
Consumer products	36.3	38.6	35.5
Corporate	54.0	48.2	48.9
	$813.9	$544.4	$924.6
Depreciation Expense			
Theme parks and resorts	$269.2	$249.8	$213.2
Filmed entertainment	38.5	29.5	23.9
Consumer products	26.2	16.8	12.4
Corporate	30.3	21.2	14.0
	$364.2	$317.3	$263.5
Identifiable Assets			
Theme parks and resorts	$ 5,216.0	$ 4,957.2	
Filmed entertainment	3,417.5	2,370.9	
Consumer products	707.5	642.8	
Corporate	2,410.1	2,231.7	
Investment in Euro Disney	–	659.1	
	$11,751.1	$10,861.7	
Supplemental Revenue and Other Data			
Theme parks and resorts			
Admissions	$1,215.6	$1,193.3	$ 795.8
Merchandise, food and beverage	1,232.7	1,223.1	1,048.0
Filmed entertainment			
Theatrical product	2,764.4	2,251.7	1,776.9

Geographic Segments	1993	1992	1991
Domestic Revenues			
United States	$6,710.8	$6,047.7	$4,844.0
United States export	399.8	406.0	471.4
International Revenues			
Europe	994.4	785.9	574.7
Rest of world	441.6	295.1	241.3
Transfers			
Europe	(9.8)	(22.8)	(13.8)
Rest of world	(7.6)	(7.9)	(5.6)
	$8,529.2	$7,504.0	$6,112.0
Operating Income			
United States	$1,591.7	$1,402.7	$ 1,120.5
Europe	121.8	39.1	(32.1)
Rest of world	82.5	48.4	35.2
Unallocated expenses	(71.5)	(54.9)	(29.1)
	$1,724.5	$1,435.3	$1,094.5
Identifiable Assets			
United States	$11,084.5	$10,456.6	
Europe	519.7	333.8	
Rest of world	146.9	71.3	
	$11,751.1	$10,861.7	

The Company records transfers between geographic areas in accordance with written contracts based upon total revenues or costs as specified in the applicable contracts.

NOTE 14 COMMITMENTS AND CONTINGENCIES

The Company, together with, in some instances, certain of its directors and officers, is a defendant or co-defendant in various legal actions involving antitrust, copyright, breach of contract and various other claims incident to the conduct of its businesses. Management does not expect the Company to suffer any material liability by reason of such actions.

QUARTERLY FINANCIAL SUMMARY

(IN MILLIONS, EXCEPT PER SHARE DATA)
(UNAUDITED)

	DECEMBER 31	MARCH 31	JUNE 30	SEPTEMBER 30
1993				
REVENUES	$2,391.4	$2,026.4	$1,936.8	$2,174.6
OPERATING INCOME	496.5	401.4	469.9	356.7
INCOME (LOSS) BEFORE CUMULATIVE EFFECT OF ACCOUNTING CHANGES	275.1	214.8	259.1	(77.7)
NET INCOME (LOSS)	(96.4)	214.8	259.1	(77.7)
EARNINGS (LOSS) PER SHARE BEFORE CUMULATIVE EFFECT OF ACCOUNTING CHANGES	.50	.39	.48	(.15)
EARNINGS (LOSS) PER SHARE	(.18)	.39	.48	(.15)
DIVIDENDS PER SHARE	.0525	.0625	.0625	.0625
MARKET PRICE PER SHARE:				
HIGH	45 1/4	47 7/8	45 1/8	41 3/8
LOW	33 1/4	41 3/4	38 1/4	36
1992				
REVENUES	$1,916.4	$1,629.2	$1,883.3	$2,075.1
OPERATING INCOME	348.4	271.8	419.3	395.8
NET INCOME	208.1	164.1	220.8	223.7
EARNINGS PER SHARE	.39	.31	.41	.42
DIVIDENDS PER SHARE	.04375	.05250	.05250	.05250
MARKET PRICE PER SHARE:				
HIGH	30 3/8	39 3/8	41 1/8	37 1/2
LOW	25 7/8	28 1/2	34 5/8	32 3/4

SELECTED FINANCIAL DATA

(IN MILLIONS, EXCEPT PER SHARE AND OTHER DATA)

	1993	1992	1991	1990	1989
STATEMENT OF INCOME					
REVENUES	$8,529.2	$7,504.0	$6,112.0	$5,757.3	$4,593.8
OPERATING INCOME	1,724.5	1,435.3	1,094.5	1,339.1	1,228.5
INCOME BEFORE CUMULATIVE EFFECT OF ACCOUNTING CHANGES	671.3	816.7	636.6	824.0	703.3
CUMULATIVE EFFECT OF ACCOUNTING CHANGES	(371.5)				
NET INCOME	299.8	816.7	636.6	824.0	703.3
PER SHARE					
EARNINGS BEFORE CUMULATIVE EFFECT OF ACCOUNTING CHANGES	1.23	1.52	1.20	1.50	1.27
CUMULATIVE EFFECT OF ACCOUNTING CHANGES	(.68)				
NET INCOME	.55	1.52	1.20	1.50	1.27
CASH DIVIDENDS	.2400	.2013	.1675	.1388	.1150
BALANCE SHEET					
TOTAL ASSETS	$11,751.1	$10,861.7	$9,428.5	$8,022.3	$6,657.2
BORROWINGS	2,385.8	2,222.4	2,213.8	1,584.6	860.6
STOCKHOLDERS' EQUITY	5,030.5	4,704.6	3,871.3	3,488.6	3,044.0
STATEMENT OF CASH FLOWS					
CASH FLOW FROM OPERATIONS	$ 2,145.2	$1,838.1	$1,496.7	$1,358.9	$1,275.6
INVESTING ACTIVITIES	(2,659.7)	(1,923.7)	(1,726.3)	(1,181.9)	(1,729.2)
FINANCING ACTIVITIES	112.7	(35.7)	295.9	262.0	406.4
OTHER DATA					
STOCKHOLDERS AT YEAR-END	408,000	310,000	189,000	175,000	143,000
EMPLOYEES AT YEAR-END	62,000	58,000	58,000	52,000	47,000

Management's Responsibility for Financial Statements

Management is responsible for the preparation of the Company's consolidated financial statements and related information appearing in this annual report. Management believes that the consolidated financial statements fairly reflect the form and substance of transactions and that the financial statements reasonably present the Company's financial position and results of operations in conformity with generally accepted accounting principles. Management also has included in the Company's financial statements amounts that are based on estimates and judgments which it believes are reasonable under the circumstances.

The independent accountants audit the Company's consolidated financial statements in accordance with generally accepted auditing standards and provide an objective, independent review of the fairness of reported operating results and financial position.

The Board of Directors of the Company has an Audit Review Committee composed of four non-management Directors. The Committee meets periodically with financial management, the internal auditors and the independent accountants to review accounting, control, auditing and financial reporting matters.

Report of Independent Accountants

To the Board of Directors and Stockholders of
The Walt Disney Company

In our opinion, the consolidated balance sheet (page 45) and the related consolidated statements of income (page 44) and of cash flows (page 46) present fairly, in all material respects, the financial position of The Walt Disney Company and its subsidiaries (the "Company") at September 30, 1993 and 1992, and the results of their operations and their cash flows for each of the three years in the period ended September 30, 1993, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

As discussed in Notes 1, 7, 8 and 12 to the consolidated financial statements, the Company adopted the provisions of the Financial Accounting Standards Board's Statement of Financial Accounting Standards ("SFAS") No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," and SFAS No. 109, "Accounting for Income Taxes," and changed its method of accounting for pre-opening costs in fiscal 1993.

Price Waterhouse

Los Angeles, California
November 22, 1993

Supplemental Information

Stock Exchanges

The Common Stock of the Company is listed for trading on the New York (principal market), Pacific, Swiss and Tokyo Stock Exchanges. Certain debt securities of the Company are listed on the New York, Luxembourg and Swiss Stock Exchanges.

Registrar and Stock Transfer Agent

The Walt Disney Company
4130 Cahuenga Blvd., #310
North Hollywood, California 91602
(818) 505-7040

Independent Accountants

Price Waterhouse, Los Angeles

Other Information

A copy of the Company's annual report to the Securities and Exchange Commission (Form 10-K) will be furnished without charge to any stockholder upon written request.

A copy of the Company's quarterly reports will be furnished without charge to any stockholder whose stock is held by a broker upon written or telephone request.

All written requests should be sent to Shareholder Services, The Walt Disney Company, 500 South Buena Vista Street, Burbank, California 91521-7320. Telephone requests can be made to (818) 505-7040.

BOARD OF DIRECTORS

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Head of School
Center for Early Education

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Vice Chairman
The Walt Disney Company

Michael D. Eisner††
Chairman and Chief Executive Officer
The Walt Disney Company

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Joseph F. Cullman 3rd
Chairman Emeritus, Philip Morris Companies, Inc.

Donn B. Tatum†††
Former Chairman and Chief Executive Officer
The Walt Disney Company

**Member of Audit Review Committee*
†Member of Compensation Committee
††Member of Executive Committee
†††Deceased

CORPORATE EXECUTIVE OFFICERS

Michael D. Eisner
Chairman of the Board and Chief Executive Officer

Frank G. Wells
President and Chief Operating Officer

Roy E. Disney
Vice Chairman of the Board

Lawrence P. Murphy
Executive Vice President-Strategic Planning and Development

Sanford M. Litvack
Executive Vice President-Law and Human Resources

Joe Shapiro
Executive Vice President

Richard D. Nanula
Senior Vice President and Chief Financial Officer

John J. Garand
Vice President-Planning and Control

PRINCIPAL BUSINESSES WITH CHIEF EXECUTIVES

Disney Consumer Products
Barton K. Boyd

Disney Design and Development
Peter S. Rummell

Euro Disney
Philippe Bourguignon

Hollywood Records

Walt Disney Attractions
Richard A. Nunis, Chairman
Judson C. Green, President

Walt Disney Imagineering
Martin A. Sklar

The Walt Disney Studios
Jeffrey Katzenberg, Chairman
Richard H. Frank, President

The Disney Channel
John F. Cooke

DESIGNER: JOHN JENSEN
PHOTOGRAPHERS: GARY KRUEGER, DEAN WILLIAMS, JOHN BRAMLEY, PETER SOREL, KEVIN ESTRADA, LEE MCKEE, BOB DESMOND, BEN VAN HOOK, DAVID ROARK, GENE DUNCAN, ALAIN BONIEC
COVER ILLUSTRATION: JOHN JENSEN, PAUL WENZEL

This entire Annual Report is printed on recycled paper

DISNEY AND

THE ENVIRONMENT

SCRUB JAY

The Walt Disney Company entered into a partnership in April that is literally and figuratively a watershed event.

The company—together with the Florida Department of Environmental Regulation (DER), The Nature Conservancy and five other agencies—established The Disney Wilderness Preserve on 8,500 acres of newly acquired land south of Walt Disney World.

The preserve marks the beginning of an innovative philosophy of land conservation and mitigation that embraces whole ecosystems. Carol Browner, administrator of the Environmental Protection Agency, and Florida Gov. Lawton Chiles appeared at a ceremony announcing creation of the preserve.

The process began in 1991, when the Disney Development Company completed master planning for The Walt Disney World Resort. The company recognized that wetlands lost to development must be replaced by creating nearby wetlands of at least equal size. But the DER already had concluded that created wetlands rarely survive—they too often are isolated by the development they were created to mitigate and cannot function as part of the larger ecosystem. It was time for a better solution, and the company believed it had a better idea.

First, working with state and federal regulators for many months, the company modified its planned expansion so that only 446 acres of wetlands would be affected. Then, after extensive negotiations, the company and the DER agreed on a large-scale, off-site wetlands enhancement, restoration and preservation strategy.

Disney then purchased the 8,500-acre Walker Ranch south of Walt Disney World and dedicated it as The Disney Wilderness Preserve. The company also placed permanent

GOPHER TORTOISE

WOODSTORK

"I think this is the future of...environmental protection in this country. We have got to begin the process of honoring the fact that our air, our land, our water, are ultimately integrated into one environmental system. And we have to seek to protect that system as a whole... The Disney Company deserves a lot of credit. They provided some leadership, they were able to bring a business sense to the transactions that needed to take place to make this happen. This land had to be purchased, there was a seller involved, and they were able to make that happen in a way that perhaps government could have never made it happen."

—Carol Browner, Administrator, U.S. Environmental Protection Agency

conservation easements on 7,500 acres of Walt Disney World property, guaranteeing that this land will remain in its natural state.

In final form, the mitigation plan satisfied not only Disney but DER, the U.S. Army Corps of Engineers, the South Florida Water Management District, the Florida Game and Freshwater Fish Commission, the U.S. Fish and Wildlife Service, the Environmental Protection Agency, The Nature Conservancy and other concerned organizations.

Under terms of the agreement, The Nature Conservancy will own and manage The Disney Wilderness Preserve. Disney will fund education programs, restoration activities and management of the site. The company's total financial commitment

BALD EAGLE

approaches $40 million.

The preserve is ideal in a number of respects. Wetlands cover some 2,550 acres. Fourteen documented and 12 unconfirmed protected species of birds and other animals are listed as living on the property, including woodstorks, Florida scrub jays, gopher tortoises and one of the largest concentrations of nesting bald eagles in the Southeast.

In addition to its size and proximity to Walt Disney World, The Disney Wilderness Preserve provides connected natural areas that can function as a whole, instead of the separated islands of uplands and wetlands that development usually produces.

Originally a working ranch, the preserve was logged and grazed in the 1940s. The Nature Conservancy already has begun efforts to identify original characteristics of the property and will use hydrologic techniques to restore the natural water flows disrupted by extensive drainage.

Unlike the land set aside in traditional mitigation efforts, The Disney Wilderness Preserve will become a living laboratory, enabling visitors to learn firsthand about the state's critical natural systems.

As a result of its landmark efforts in helping create The Wilderness Preserve, Disney received three major environmental awards in 1993. They are:

—Special Achievement Award in Conservation from The Nature Conservancy, the first ever given by the national organization;

—Florida Audubon Society Corporate Award, presented annually to the corporation in Florida that has made the most meaningful contribution to conservation; and

—1993 Award for Distinguished Service in Environmental Planning from the Industrial Development Research Council.

While The Wilderness Preserve was clearly Disney's most newsworthy environmental event of 1993, the company was busy on several other fronts.

☐ The reclaimed water system at Walt Disney World, initiated this year, provides up to four million gallons a day of highly treated waste water for golf course and landscaping irrigation. In conjunction with the infiltration basins for ground-water recharge, this system has led to reuse of all treated waste water generated at the resort.

☐ Walt Disney World has funded a $750,000 investigation of upper respiratory tract disease in the Florida gopher tortoise, one of the threatened species at The Disney Wilderness Preserve. The study is being performed at the University of Florida's Center for Biotechnology Research.

☐ Company-wide, Disney recycled more than 131 million pounds of materials in calendar 1993, double last year's totals. The amount equals a stunning 179 tons a day.

☐ Disneyland office paper is now recycled directly into hand towels and facial and toilet tissue used at the park and nearby campground.

Printed on recycled paper

"As The Walt Disney Company continues to grow, we remain dedicated to integrating our business needs with our environmental values and concerns. This is not always easy and requires the dedication and perseverance of our employees at virtually every level of involvement.

"It's really our employees that make this company 'green.' Granted, we have excellent Environmental Affairs personnel sprinkled throughout our organization advising and teaching, but they as individuals can only be in one place at a time. On the other hand, environmental actions by our employees involving recycling, purchasing, hazardous waste storing and handling, water and energy conservation and much more, occur thousands of times a day in thousands of locations. So you can see why I feel that I have the largest and most dedicated staff in the company."

—Kym Murphy
Corporate Vice President
Environmental Policy

"Physical America — the land itself — should be as dear to us all as our political heritage and our treasured way of life. Its preservation and the wise conservation of its renewable resources concerns every man, woman and child whose possession it is.

"If certain events continue, much of America's natural beauty will become nothing more than a memory. The natural beauty of America is a treasure found nowhere else in the world. Our forests, waters, grasslands and wildlife must be wisely protected and used. I urge all citizens to join the effort to save America's natural beauty...It's our America — do something to preserve its beauty, strength and natural wealth."

—Walt Disney